No. 29,821

Business summary

CARL ICAHN, the Wall Street in-

vestor, has become chairman of TWA, struggling US airline, after resolving a last minute stumbling block with the air carrier's pilots

and winning management approval for a revised and scaled-down no-

EUROPEAN Monetary System: At-

tention remained focused on the

weakness of the dollar last week

while proximity of the new year kept trading volume to a minimum.

The D-Mark's improvement against

EMS Jan 3,1986

ECU Divergence

the dollar to a two-and-a-half year

high produced no immediate pres-

system although a continued dollar

decline would renew speculation of a currency realignment. Apart from the Italian lira and its wider range

of divergence, the D-Mark was one

of the strongest currencies together with the Dutch guilder.

on the abutest currency in the significant defines the cross rates from which no currency (except the limit may move more than 2% per cent. The lower chart gives each current.

cy's divergence from its "central rate" against the European Curren-

cy Unit (ECU), itself a basket of Eu-

PAKISTAN'S plan to commission

three foreign companies to under-

take some \$1bn in countertrade

business has brought protests from

QIL has come on stream at the Wel-

England, with production expected to reach 3,300 barrels a day this

set up a joint company to promote the use of the Trans-Siberian Rail-

BALDWIN-UNITED, financial ser-

vices group operating under Chap-ter 11 of the US bankruptcy code,

has signed a series of agreements which it says clear main obstacles

to its reorganisation plan. Page 16

CHASE MANHATTAN Bank has

joined forces with Cedel, the Lux-

embourg-based Eurobond clearing

house, to provide a same-day settle-

the names of six institutional back-

SWISS NATIONAL BANK an-

way for freight. Page 4

40 other companies. Page 4

cash merger deal. Page 16

Monday January 6 1986

EUROPE'S BUSINESS NEWSPAPER

D 8523 B

World news

Hart drops Icahn out of becomes Senate chairman contest of TWA

Senator Gary Hart, a candidate for the Democratic nomination in 1984, said at the weekend that he would not seek re-election to the US Senate next year, but stopped short of announcing an outright bid for the presidential nomination in 1988. Mr Hart, whose campaign for "new ideas" brought him close to beating former Vice President Walter Mondale for the Democratic nomination two years ago, is widely considered to be the front rumer.

Pakistan rallies

Pakistan's largest opposition party the PPP, staged the first open politi-cal rallies in the country since eight and a half years of martial law end-

Spain Nato warning

Spanish Deputy Prime Minister Alfonso Guerra said the Government might dissolve parliament and call early elections if it lost a referendum on continued membership in

Punjab killings

Ties Ties Ties

Two people were killed and at least seven injured over the weekend as Sikh extremists stepped up attacks in India's Punjab state.

French air strike

French air traffic controllers have called a one-day strike, but minimum service will be provided for both national and international flights according to

W. German arrests

Police said that 134 anti-nuclear demonstrators were arrested in The chart shows the two constraints Amberg, northern Bavaria, after on European Monetary System exchanging the façade of a jail holding two protestors who allegedly on the weakest currency in the sysing two protestors who allegedly clashed with officers at a nuclear plant construction site.

Death toll rises

the Himalayan mountains across TOKYO: Nikkei index closed 23.55 northern India and neighbouring up on Saturday at a record Bangladesh in the past 12 days has 13,136.87. Page 29 risen to at least 147.

Voicano rumbies on

Colombia's Nevado del Ruiz volcano rumbled loudly and ejected ash, raising fears of an imminent eruption similar to the one that killed ton Field, near Lincoln, north-east 23,000 people in November. Page 3

Gulf flare-up

Iraq said its aircraft attacked Iran's CHINA and West Germany have main oil export terminal at Kharg Island and hit a large naval target

Avalanche kilis two Two Swedish skiers died in hospital after being caught in an avalanche in the mountains near Verbier.

Soviet sackings

A large number of party officials in the Soviet republic of Kirgizia have been sacked and seriously reprimanded for allowing a drop in economic performance and moral standards, according to the government newspaper Izvestia.

Isherwood dies

British-born author Christopher Isherwood, whose book "Goodbye to Berlin" was made into the film and cancer at the age of 81. Obituary, Page 11 stage musical "Cabaret," has died of

FT travel writer dies

ARTHUR Sandles, the Financial travel. Times writer on travel and leisure, died suddenly yesterday while skiing in Switzerland. Mr Sandles, who joined the FT in 1961, was 50. most conscientious, objective,

knowledgeable and witty travel writer who was much liked and respected by his associates," said Mr ing contribution to the development Erich Reich, managing director, of the paper over the past two dec-Thomas Cook Holidays, yesterday. "He will be a great loss to those who and he will be greatly missed." Obicare for the business of leisure and tuary, Page 6.

ŧ

the Year in 1984.
Mr Sandles will be sadly missed by Christine and his three daugh-"He will be remembered as a ters Mr Geoffrey Owen, editor of the Financial Times, said: "Arthur Sandles was one of the FT's most able writers who made an outstand-

Mr Sandles was Travel Writer of

ing provincial daily in violation of a

pectation that a right-wing government would come to power in the wake of parliamentary elections in wase or parliamentary elections in 2 which the right is committed to March and repeal the controversial legislation. Mr Hersant is himself standing for election to the control of the con standing for election to the National ance of the Government, by not Assembly as are some 15 of his even bothering to consult the staff and editorial writers. watchdog commission set up under

The new law, aimed at limiting the new law the number of titles that can be in the press. owned by any one group, was spe- Mr Henri Caillavet, president of cifically intended by the Socialists the commission, described the take-to halt further expansion by Mr over as "illegal" and said that Mr

recent law on newspaper owner—by Le Progrès, will give him a virtus stances the prison sentence — proship, writes David Housego in Pa-al monopoly of the local press in vided for by the law. mr Hersant announced his move at the weekend in the confident excandidate to take over the stateowned television channel Antenne

the new law to maintain phyralism.

Mr Henri Caillavet, president of cing that in future Le Figaro would the commission, described the take-

François Mitterrand's Socialist Ad-ministration by taking over a lead-cent of provincial sales.

the Government have the power to impose on Mr Hersant the heavy

the Hersant group would be illegal. With some 21 daily papers now to Mr Hersant is by far France's most successful newspaper manager. He flaunted that on Friday by announ-

MR ROBERT HERSANT, the Hersant whose flagship paper is Le French right-wing press magnate, Figure. His group already accounts fore the courts. But it is doubtful cent increase in circulation in repansion. The strongly right-wing same group.

The press law limits any group to The acquisition of the Lyons dai- fines - and even in certain circum- hauling Le Monde. This new acquisition is thus posed.

French press magnate defies newspaper ownership law

paper, the Union of Reims, by obtaining a six-month management contract. The press commission had It was partly in the hope of estab-

nancial "bingo" game, it now sells 460,000 copies a day - thus over-

bound to raise fresh questions in France about the concentration of newspaper ownership and about the economic weakness of many French papers, which has left them vulnerable to Mr Hersant's

lishing a counterweight to Mr Her-sant's influence that President Mitting up of a fifth French channel, with shareholders including Mr Silvio Berlusconi, the Italian televi-

But there were even signs of disquiet on the right over the week-

Hersant as a "megalomaniac" in a front-page editorial and said his "exorbitant influence" must be op-

> A politician also pervous of Mr Hersant's advance is Mr Raymond not be applied retroactively pre-Barre, the former Prime Minister, vented it from being used to strip whose political base is Lyons. Mr Mr Hersant of his existing titles. Barre has made little secret of his None the less, the Socialists hoped wish to preserve pluralism of the press in his region. Mr-Hersant's purchase of the Ly-

> on Progrès with a circulation of 287,000 but substantial losses and debts comes on top of his acquisition in 1983 of its main regional rival Le Dauphine Libèré. Along with "invalid." Le Progrès, Mr Hersant has ob-

The press law limits any group to a ceiling of 10 per cent of the circulation of the national and the daily press. But if the group has interests in both, a ruling by the Constitu-tional Council that the law could it would halt him in any further ex-

Mr Georges Fillioud, the Minister

Socialist party officials, trade tained a 40 per cent stake in Le unionists, journalists associations, Journal de Dimanche, France's only national Sunday paper, and other also condemned it.

Westland expected to unveil improved offer by Sikorsky

BY LIONEL BARBER IN LONDON

WESTLAND, the troubled British helicopter company is expected to announce an improved offer from Sikorsky/Fiat today which the board considers is better than the rival rescue plan put forward by the five-strong European aerospace

Last night, the European consor-tium, advised by Lloyds Merchant Bank, attempted to block approval of the new offer by the Westland board by requesting an immediate meeting to discuss their proposal. One option being canvassed within the consortium and the UK Ministry of Defence, which strongly faours the European plan, is to go to eneral meeting of shareholders on

Fiat offer. After four days of tense negotia-tions in London, Sikorsky/Fiat agreed in principle yesterday to insubcontracting work to Westland and to sweeten the financial terms. for the company's shareholders and struction plan.

armary 14 to vote on the Sikorsky/

The new package, to be approved by the Westland board and sent to shareholders today, is expected to under the original Sikorsky/Fiat proposal. anteed man-hours work, topping the European offer of L8m man-hours. This represents almost double the earlier offer of lm manhours by the American and Italian

the three years originally agreed. Matching or improving the financial terms offered under the £73m

European rescue plan has, by all accounts, proved more taxing.
Under the revised offer, Sikor sky/Fiat is expected to relinquish their original option to subscribe to new shares which would have allowed them to control up to 39.9 per cent of the company. The new shares are now expected to be of-fered to existing shareholders, reducing the Sikorsky/Fiat stake to 29.9 per cent, or possibly less on a fully diluted basis.

Westland's advisers, Lazard the High Court to argue for an ad-Brothers, are understood to have journment of the extraordinary argued that there was a risk of financial institutions blocking the reconstruction plan at the shareholders' meeting on January 14 unless their stake in the recapitalised company was raised.

A second obstacle in the negotia-tions has centred on Westland's bankers. National Westminster and Under the European offer, drawn banks under a £72m (\$102m) recon-up by Lloyds Merchant Bank, the two banks were asked to convert £23m of current debt into prefer-

proposal.
The banks are understood to have pressed for similar favourable terms. However, Sikorsky/Fiat argued that this meant their putting up an extra £5m to relieve the banks' burden. These differences

ad over a period longer than were apparently resolved over the weekend but only after prolonged

Sir John Cuckney, Westland's chairman, is expected to firmly recommend the revised offer from Sikorsky/Fiat today and to press ahead with plans to hold the extraordinary general meeting on January 14. The board has taken legal advice and been assured it can put the revised proposal to share-holders, even at such short notice.

Mr David Horne, managing direc-tor of Lloyds Merchant Bank, said yesterday: "I believe that the meeting should be adjourned in the interests of equity so that both offers can be considered properly by the shareholders."

Mr Horne spent the weekend in Paris and Munich holding talks with senior executives of Aerospatiale and Messerschmitt-Bölkow-Blohm respectively. He said he could not rule out a further revised offer from the European consortium, which also contains British

Mr Horne asked the French and German aerospace manufacturers to press their governments to spell out publicly the danger of Westland shutting itself out of future European collaborative ventures if it pursues the Sikorsky/Fiat plan. Peter Riddell, Political Edito adds: Mr Michael Heseltine, the UK Defence Secretary, was last night in an exposed political position as

Continued on Page 14

According to plant officials, the

Dozens of workers and nearby

US and Israel Inquiry into US warned over N-plant threats to Libya leak opens

mission (NRC) began an investigation yesterday into an accident at an Oklahoma uranium processing plant, where one worker was killed and more than 100 others were

The accident occurred when a tank filled with radioactive gas ruptured, sending a highly toxic cloud of slightly radioactive uranium hexafluoride gas into the atmosphere near the Sequoyah Fuels Corporation plant in Webbers Falls, Oklahoma, on Saturday.

The plant is owned by a subsidiary of the Oklahoma City-based Kerr-McGee Corporation, the company whose safety practices were at issue in the controversial Karen Silkwood case, Miss Silkwood, the subject of the film Silkwood, died mysteriously in a car accident when she was pursuing allegations against the company.

Officials said that the gas cloud dissipated in winds of more than 20 gas tank ruptured. The accident occurred just three days before the NRC was scheduled to hear proposals for an expansion of the plant's activities.

rupture came as the container was being heated. The plant was evacuated after the accident but by late Saturday afternoon operations had

esidents were brought into area hospitals for "apparent hydrofluoric acid exposure" which causes irrita-Continued on Page 14

THE SOVIET UNION and Arab countries belonging to the Islamic

BY ROGER MATTHEWS, MIDDLE EAST EDITOR, IN LONDOI

against Col Muammar Gadaffi's egime. The Soviet Communist Party

newspaper Pravda yesterday acing blame for the terrorist attacks at Rome and Vienna airports in

which 19 people were killed. The US and Israel have said the ported by Libya. Pravda said yes-terday that repeated Libya denials of involvement had been totally ig-With so many countries taking a nored by Washington.

permanent representatives de-scribed the US threat as a challenge

to the entire Arab world. ken, pledging military support for Libya "in order to confront any aggression." It contrasted the US

Speaking to US television net-Syria has been the most outspothreats against Libya with its silence on "Israel's organised terrorist and racial practices against the Arab population of the occupied ter-

The annual meeting of the 45

countries have rallied to the de-fence of Libya in the face of US and yesterday to place "an examination Israeli threats of military action of Zionist and imperialist threats against Libya" on the agenda of its liscussions which open today in

cused the US of preparing for League and the Islamic Conference armed intervention. It warned that Organisation are normally suspithe US and Israel had no right to clous of, or hostile towards the Libadopt the role of judges in assess- yan regime, but appear to view the possibility of Israeli or US military intervention as a greater threat to regional stability.

Egypt, a bitter opponent of Col Gadaffi, has again urged the US attacks were carried out by the Gadaffi, has again urged the US extremist Palestinian faction and Israel not to launch a retaliatoheaded by Abu Nidal which is sup-ry attack, while Kuwait said that it

public stance on the issue, including The Arab League, which groms those which have issue including those which bave good relations with the US, it could prove difficult Liberation Organisation, said yes terday after meeting in Tunis that used against Libya. President Ron-

again being the centre of world attention, denied vesterday that he was sheltering terrorists but said anti-Israeli commandos were wel-

Speaking to US television net-works, Col Gadaffi said that Abu Nidal did not live in Libya and challenged reporters to produce any evi-dence that the people responsible for the killings at Rome and Vienna

Continued on Page 14

Tin Council delegates to study latest market rescue plans

BY ANDREW GOWERS IN LONDON

DELEGATES to the International Tin Council (ITC) return from their Christmas break this week to consider fresh proposals for rescuing the tin market.

The package, put forward by a ment service for issuing and trad-ing Euro-commercial paper. Page 16 leading broker and banker involved in the tin crisis since the 22-nation QUALITY national newspaper planned by former Daily Telegraph journalists will tomorrow announce ITC last met on December 20, has been greeted with interest by tin producing members and by the UK Government, which has been pressers investing a total of £2m (\$2.8m). ing for a settlement. But there has been little overt sign of a change of heart among key consuming counnounced a loss of about SFr 3.5bn tries such as France, West Germany and the Netherlands, which (\$1.7bn) in 1985 on foreign currency have so far blocked efforts to open negotiations with the Tin Council's

creditor banks and brokers.

To say that things are moving at all is putting a pretty strong face on the thing," said one key delegate last week.

ITC delegation leaders will meet tomorrow to assess the situation, ahead of a full meeting of the Tin Council next week. The delegation leaders are expected to set up a meeting with the proponents of the lateşt rescue plan, Mr Peter Gra-ham, vice-chairman of Standard Chartered Bank, and Mr Ralph Kestenbaum, joint managing director of Gerald Metals. The plan, put forward by the two

men in their personal capacity without the prior backing of other brokers of the London Metal Exbanks and brokers, envisages setting up a new company to take over been suspended since the ITC ran the 85,000 tonnes of tin stocks out of money to support the price which the ITC is due to hold by the more than 10 weeks ago - that the

solve the ITCs member govern-ments of obligations to the Council in return for a commitment to meet £200m (\$284m).

put a cap on the amount govern-ments would have to put up to solve the tin crisis; it would pave the way for an orderly winding down of the banks and brokers in a much stronger position in that they would be dealing with a fully-capitalised

"This is the best offer around since the crisis began," said one However it still has to pass the

ity for the Tin Council's debts.

change - where tin trading has

200m (\$284m). that cancelling debts for which the Advocates of the plan argue that ITC contracted as an organisation it has several advantages: it would of 22 sovereign governments would put a cap on the amount governments would have to put up to solve

Mr Graham said last week that he had received some positive feed-

consuming countries.

Meanwhile, time is running out

thorities have delayed a decision on January 13. Mr Graham said that he hoped they might keep the mar-

end of this month and selling them extent of governmental contribu-cff gradually over the next three tions would be subject to negotia-The company would be owned by some ITC members that bankers bankers and brokers, and would ab- and brokers, who are owed hundreds of millions of pounds, should share its losses. But bankers still seem adamantly its losses, which might total up to opposed to this idea, on the grounds

ITC stockpile; and it would put the and from some smaller consumers, but there was no word from larger

company rather than a somewhat for the LME, the world's leading hazily defined group of sovereign metals market. The exchange auwhether to reopen tin trading until ket shut for a few days longer if hurdle of opposition by some ITC there was a chance that negotia-members to any admission of liabil-tions with the ITC might get under

ANZ & GRINDLAYS OPERATE A NETWORK SPANNING 45 COUNTRIES

The Australia & New Zealand Banking Group with its acquisition of the UK based Grindlays Bank, has established a formidable presence on the international hanking scene with Group assets of over

the globe with over 1,660 branches and Group's strength is drawn from its brasioffices in 45 countries. This places the ANZ Group in the ideal position to assist corporatio with their particular domestic and inter-

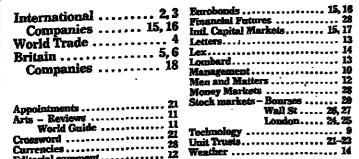
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Tel: 01-626 0545. Th:: 883043/5 GRNDLY G BRANCHES AND OFFICES IN - AUSTRALIA - AUSTRIA - BAHAMAS - BAHRAIN - BANGLADESH - BRAZIL - CANADA - CAYMAN Brancies and office in - agricalla gairia e antalande file france (brancies) e brazi e canada e cayman Blands - channel eclands - colombia e englande file france (brance generate e colombia Dedonesia e iran e iarak - gordan e kenta e refublic of korfa e malaysia e mexico e monaco e new zealand Degeria e oman e paristan e papua new gunea e contand e singapore e solomon islabids e spain Ski lanka e switzerland e taiwan e uganda e united arbe empartes e united states of america e vanuatu Zaire e zambia e zimbabwe

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US/Mexico: relations im- Britain: the number of home-Technology: isotope enrich- Lombard: a job insurance Management:

and and a state of the state of a state of the state of the features and a state of the state o

takeovers Lex: Westland helicopters: become each-way bet 10 Wellcome 14 World stock markets: Europe Survey: Communications in It was the first sign of opposition political activity since President Zia ti Haq lifted martial law on December 30.

Although the ban on political parties and rallies has continued since then riot police. tinued since then, riot police did not intervene. They had said they would step in if violence occured, but none was The rallies were held by the

Pakistan People's Party to com-memorate the 58th birthday of its founder, Mr Zulfikar Ali Bhutto, the former Prime Minister executed by the military regime on murder con-spiracy charges in April 1379. The biggest gatherings took place in Rawalpindi, Karachi In two meetings in Rawal pindi, crowds of about 3,000 heard Mr Tikka Khan, the party's secretary general and a minister of state security under Mr Bhutto, claim that President Zia, in spite of his claims to have lifted martial law, has merely put on "civilian dress."

He called for President Zia to resign his position as chief of the army staff, from which

he derives his main powers.

DATED: January 6, 1986

Landmine blast kills two in Transvaal

A WHITE farmer and his 32-year-old daughter-in-law were killed and two other passengers in their truck injured over the weekend when their vehicle detonated a mine planted on an isolated north-west Transvaal farm only three kilometres from the Botsawana border. The explosion, the eighth such incident since November 27, took place some 250 kilometres from the farm near Messina on the border with Zimbabwe which killed six people and injured five on December 14.

The series of landmine

The series of landmine explosions is believed to be part of a campaign by the military wing of the banned African National Congress (ANC) aimed at drawing the military into large-scale security operations in remote border areas and putting further pressure on

the security forces.

They are already stretched by policing duties in the black townships and the war against Swapo guerrillas in Namibia Mr Oliver Tambo, the leader of the ANC in exile, is expected to spell out ANC strategy later this week when he is due to make a speech in Lusaka on the 74th anniversary of the founding of the Congress.

The continuing mine blasts, and other terrorist attacks on shopping precincts and strategic targets such as the Sasol oil-from-coal plants, have increased presure on the Government to take tough action against the Crocker to reopen talks with Angola

RENEWED efforts to bring about the independence of Nambia are due to get under way this week when Dr Chester Crocker, the US Chester Crocker, the US
Assistant Secretary of State
for African Affairs, visits
Luanda for talks with senior
Angolan officials, writes
Michael Holman in London and John Murray Brown in

Khartoum.
Dr Crocker will first visit
Khartoum, where he is
expected today for talks with
Sudan's military leader,
General Swareddahab. Relations between the two countries have been strained by the apparent rapprach-ment with Libya following

This has led both to pressure on Mrs Winnie Mandela, wife of the failed ANC leader, Mr Nelson Mandela, and crossborder raids into the neighbour-ing countries of Lesotho and harbouring ANC sympathisers. Six months ago, the security forces also launched a lightning raid on alleged ANC safe houses in Gaberone, the Botswanan capital which has soured relations between the two countries and led to strong

last April's coup against former President Jaffar Numeiri.

Numeiri.
Dr Crocker's visit coincides with negotiations in Washington between Sudaness officials and the International Monetary Fund (IMF). The US, one of Sudan's largest donors, has pledged \$50m to help Sudan pay off \$220m is conditional, however, on arrears due to the Fund. It is conditional, however, on Sudan reaching agreement on Sudan reaching agreement on terms for a new loan from the Dr Crocker's visit to Luanda, scheduled for later this week, follows an earlier

round of meetings with senior

expected to lead to further pressure on Gaberone which, like other neighbouring states is heavily dependent economically on South Africa.

All insist they are already doing oll in their power to prevent their territories being used as infiltration routes or refuges for ANC guerrillas. Meanwhile, police reported continuing violence over the weekend, with at least three blacks, including two women, burned to death with blazing rubber tyres, the classic execu-

OVERSEAS NEWS

November.

Efforts to bring about Nambin's independence have been held up by South Africa's insistence, backed by Washington, that any withdrawal of Preteria's troops from Nambia should be matched by the pull-out of an estimated 25,000 Cuban troops in Angola.

A sense of wrency has

A sense of urgency has been brought to the latest initiative by moves in Washington towards material sup-port for Unita, the guerrilla organisation seeking the overthrow of the Luanda

tion method used on suspected informers, in the Cape. Tension also remained high in the Moutse area of the Northern Transvaal where violent protests against the forcible incorporation of 120,000 Sotho-speaking people into the kwaNdebele homeland has cost over 20 lives in recent clashes.

Police reported that two private homes were set alight and vehicles damaged in kwaNdebele, and the Chief Minister yesterday warned journalists to stay away from

on going ahead with the forced incomporation of Moutse has been heavily criticised by opposition parties, civil rights organisations and the Institute of Race Relations.

Further tension is building up over the reported decision of the Department of Education and Training, which is responsible for black education, to insist that millions of black students must return to school on Javanese.

The Education Department spokesman, Mr Joel Schoenman, told the black newspaper City Press that all black teachers and students must report for the official term opening of January. 3.
The decision appears to call

into question the results of last into question the results of last week's black educational conference at Witwaterstand University where representatives of 161 black political and educational groups decided to eat of the last political successions. the long-running boycott of black schools for three months.

The conference set a January 28 target for the reopening of schools, after negotiations which involved three Government ministries and consultation with leaders of the banned ANC.

The delived greening date was been accused of corruption. In the angry aftermath both sides withdrew their High Commissioners and the posts have yet to be filled.

Last September a two-day visit by: Conferent Howe to Least.

The delayed opening date was called for in order to find alternative accommodation for students from schools damaged or destroyed during the boycott and to create new organisational structures for parents, teachers

Economic ties top agenda for visit of Nigerian minister

PROFESSOR Bolaji Akinyemi. PROFESSOR BOIRT ARmyem.
Nigeria's Minister for External
Affairs, is due in London today
for the first official visit by a
Nigerian minister since the
August coup brought General
Ibrahim Babangida to power. Top of the agenda for the minister's three-day programme which includes talks with Mrs Margaret Thatcher, the Prime Minister, Sir Geoffrey Howe, the Foreign Secretary, Mr Leon Brittan, Trade and Industry Secretary, and Treasury officials, is the delicate state of political and economic links with Britain's levent trading payment.

Britain's largest trading partner in black Africa.
Yet to be repaired is the damage done by the abortive attempt in London in July, 1984, to kid-

have yet to be filled.

Last September a two-day visit by Sir Geoffrey Howe to Lagos failed to lead, as had been hoped in Whitehall, to a full restoration of diplomatic ties. On the economic front, British creditors are frustrated

isuing promisory notes to cover uninsured trade attears.

For their part, Nigorian Government officials believe that the allegations of malpractice at Johnson Matthey Bank involving contracts with Nigeria justify close and lengthy scrutiny of claims.

Many Nigerian officials also Many Nigerian officials also resent what they believe to have been the prominent role among western export credit agencies played by Britain's Export Credit Guarantee Department (ECGD). The department has insisted that insured trade arrears cannot be rescheduled without an agreement between without an agreement eviween
Nigeria and the International
Monetary Fund (IMF) for a
\$2.5bn loan from the Fund.
When in Lagus Sir Geoffrey
made it clear that Britain believed that an agreement with the Fund was essential to Nigeria's economic recovery. Last week however. Dr Kalu Kalu said that his Government would seek rescheduling of medium and long-term debt medium- and long-term deby without a Fund agreement.
In the country's New Year budget General Babangida said that no more than 30 per cent of the country's export earnings would be set aside for external servicing.

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NOTICE OF REDEMPTION

To the Holders of

General Mills, Inc.

U.S. \$100,000,000 12% Notes, Series A, due December 19, 1991

NOTICE IS HEREBY GIVEN to the holders of the outstanding 12% Notes, Series A, due December 19, 1991 (the "Notes") of General Mills, Inc. (the "Company") that, pursuant to the provisions of Section 7(a) of the Series A Fiscal and Paying Agency Agreement dated as of December 19, 1984 between the Company and Morgan Guaranty Trust Company of New York (the "Fiscal Agent") and Paragraph 4(a) of the Terms and Conditions of the Notes, the Company has elected to redeem on February 5, 1986 U.S. \$15,700,000 principal amount of the Notes (the "Redemption Notes") at a redemption price equal to 101% of the principal amount thereof, together with accrued interest to said date, in the amount of U.S. \$76,67 for each U.S. \$5,000 principal amount and U.S. \$153.33 for each U.S. \$10,000 principal amount as follows:

3844 3962 3646 3963 3647 3963 3648 3963 3649 3963 3849 3963 3857 3857 3855 3877 3856 3878 3859 3879 3859 3879 4001 3872 4002 3888 4019 3873 4036 3888 4019 3873 4037 3773 4040 3777 4040

Payment will be made, subject to applicable laws and regulations, in U.S. dollars on and after February 5, 1986 upon presentation and surrender of the Redemption Notes with coupons due December 19, 1986 and subsequent coupons attached, falling which, the amount of missing unmatured interest coupons will be deducted from the sum due for payment and paid in the manner set forth in the Terms and Conditions of the Notes against surrender of the related missing interest coupons within the period of time prescribed by the applicable statute of limitations, at the main office of the Fiscal Agent in London, Brussels, Frankfurt am Main, Paris and Tokyo, the main office of Amsterdam-Rotterdam Bank N.V. in Amsterdam, the main office of Swiss Bank Corporation in Basle and the main office of Krediethank S.A. Luxembourgeoise, in Luxembourge Payments at said offices will be made by a United States dollar check drawn on a bank located in The City of New York, or by transfer to a dollar account maintained by the payee with a bank in London. No payment on any Bearer Note will be made at the Corporate Trust Office of the Fiscal Agent or any other Paying Agency maintained by the Company in the United States nor, except as otherwise permitted by U.S. Treasury Regulations without adverse tax consequences, will any payment be made by transfer to an account maintained by the payee in, or by mail to an address in, the United States.

From and after February 5, 1086, the Redemption Material Landon.

From and after February 5, 1986, the Redemption Notes will no longer be outstanding and interest thereon shall cease to accrue. U.S. \$43,775,000 rincipal amount of Notes will remain outstanding after the redemption.

principal amount of Notes will remain outstanding after the redemption.

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GENERAL MILLS, INC.

US high-tech company seeks 'fifth-generation' computer

BY DAVID FISHLOCK, SCIENCE EDITOR

tion (MCC), of Austin, Texas, has a guaranteed income of \$50m for the current year, rising to \$65m next year, for research at the leading edge of electronics.

MCC is America's answer to Ja-

pan's ambitious national pro-gramme in search of the fifthgeneration computer. The first four are defined as computers based respectively on valves, transistors, integrated circuits and very large scale integration (VLSI). The hig question is what will be the technological base of the fifth gen-

MCC is quite different from Japan's ICOT (Institute for New Generation Computing Technology) or Britain's Aivey programmes It is club of 21 US high-technology com-panies that have agreed to fund a an some new legislation, MCC tiptues gingerly through US anti-trust law. Just how narrow its margins may be is reflected in its own view that fear of anti-trust action is the main reason why IBM has not joined the club, even though it has a role in

more members than Mr William tion between commercial competi- aided design.

AT LEAST one high-technology Norris, its founder, expected when start-up company has no need to he began to alert US industry to the Japanese began to demonstrate magnitude of the threat he believed how effective pre-competitive research collaboration could be, in

the number of companies. We are . mate change to make it acceptable not recruiting," says Mr Bill Stotes-bury, responsible for MCCs relations with government. ons with government. holding the greatest economic MCCs 21 members each have a promise for shareholders are:

single share in the company they • Computer-aided design for VISI.
own and manage collectively. This is an attempt to create a sysshare entitles them to participate in tem for the design and testing of inany of its four research pro-tegrated circuits having upwards of grammes. They must join at least 1m devices a chip. The goal is to auone and share the cost equally with tomate design to a degree where a all other participants. Moreover, team of professionals could create a they make a commitment for three new 1m-device chip in less than a years ahead, and most give a year's month. It is an eight-year project notice of plans to withdraw, which • A seven-year project to design confers great stability on research technologies which will substantial-

One widespread misconception, however, is that MCC is developing A six-year project to advance the an American supercomputer. art of connecting and packaging That it strongly denies. It cannot chios with more than Im devices.

The company is developing the tools and techniques which might help its shareholders to develop their own supercomputers and oth-

Behind the security of reflecting black glass panels, its laboratory near Austin has mounted four re-But MCCs 21 shareholders in- almost entirely in-house. They were But MCUS 21 shareholders include five other big computer the four programmes outlined in gramps: Control Data, Digital Equipment, Honeywell, NRC und Sperry. It also includes such high-technology groups as Bell Communication Research (Bellcare), part of the former Bell Laboratories, Boeing and Lockheed.

Indeed the club has attracted more members than Mr William should be such as a stage where the former Bell Laboratories, could satisfy US anti-trust openent, could satisfy US anti-trust form of software for computer aided design.

"We are comfortable now with VLSI in the late-1970s, did the cli-

The four programmes chosen as

large-scale software development, chips with more than 1m devices. with emphasis on automatic assen

ly increase the productivity of

● A 10-year project in advanced computer architecture, aimed at very big leaps in computer performance, in data bases, in more efficient man-machine relations and in

In order to succeed, MCC stresses a fifth scientific challenge; one which pervades all four other pro-

Iranians help fight blaze on Maltese tanker

IRANIAN tugboats yesterday fought to extinguish the flames on the Maltese tanker Koncar after it was hit by an Iraqi missile south of the Kharg Island oil terminal, Gulf shipping officials resports, AP reports from Bahrain

It was the second tanker to be attacked by Iraq in the January 1, without an accompanying Iraqi announcement of the raid, marine salvage executives in the region noted.

The 62,000-ton tanker was introduced by January 1. attacked by Iraqi warplanes as it was sailing southward after taking on a full load of Iranian

crude oil from the terminal. The London-based Lloyd's shipping intelligence unit re-ported that the attack took place 20 miles south of Kharg. The crew abandoned the

vessel bu the captain, two sea-men and the radio operator remained aboard to fight the

FINANCIAL TIMES

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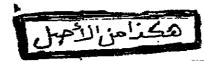
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OVERSEAS NEWS

Marcos claims rebels use arms to back Aquino

PRESIDENT FERDINAND Marcos overlooking the lake, the country's of the Philippines claimed yester- largest inland body of water. day that communist rebels were us- As in his previous campaign raling arms to campaign for Mrs Cor- lies Mr Marcos was preceded by azon Aquino, the opposition presi-popular singing stars and comedi-dential candidate, and were threat- ans who entertained the crowd. Alenirg to wipe out rural villages if though the people applanded the residents vote for him in the elections on February 7, AP reports and antics, they did not respond to

Mr Marcos, in a campaign speech to chant "we are for Marcos." to a fishing community on the They cheered and applauded Mr shores of Laguna de Bay lake just Marcos, however, when he anoutside Manila, did not specify, nounced the release of 300m pesos however, where the rebels allegedly (\$15.8m) for lending to fishermen however, where the rebels allegedly (\$15.8m) for lending to fishermen were harassing voters or say who living around the lake and more

He repeated a charge that "our flood-control project. opponents helped organize the communists and enjoy the support of the New People's Army," the armed fore his current six-year term exwing of the Communist Party. They say in the villages, we will

cues from the master of ceremonies

than 10m pesos for a road and

Explaining his decision to call the presidential election 16 months bepired, Mr Marcos said he wanted the question of his popularity setbe watching you and if we see that thed amid criticism at home and you have voted for Marcos, we will abroad of his 20-year rule. kill you all." he said.

A crowd estimated by reporters at about 6,000 attended the rally in a plaza between a Roman Catholic church and the municipal hall of Taytay town on a windswept hill only as a family emergency.

Meanwhile ars Aquino cut shart her two-day campaign in Mr Marcos central Philippine home region, flying back to Manila to attend to what campaign officials described only as a family emergency. Meanwhile Mrs Aquino cut short

Local officials reported

The volcano has been

initial panic among some resi-

Fears grow that Colombian volcano may erupt again

COLOMBIA'S Nevado del Ruiz toring the volcano say there is volcano rumbled loudly and a serious risk of the huge ice spat ash yesterday, raising fears of an imminent eruption similar to the one that killed buried the town of Armero under mud on November 13. Rester reports from Bogota.

dians help

t blaze e

tere tout

Mr Flavio Rodriguez secresaid three tremors shook the bowels of the 5,400-metre volcano as the acrid smell of place with no incidents. sulphur filled the air.

emergency declared yesterday, fractures were reported last accompanied by the precautionary evacuation of above. ary evacuation of about 7,000 people from low-lying areas under the volcano, would all residents within 200 metres remain in force until further of five rivers, including the

Mr Rodriguez, who also heads the provincial emergency com-nittee, said the latest seismic mud avalanches and fresh activity melted parts of a floods. The emission of molten glacier at the source of the lava could not be ruled out but Guali River whose waters rose would affect an area of only six at least 30 cm. Scientists monito seven km around the crater.

US films attacked for anti-Soviet attitudes

Union in the US. attack at a press conference

In some recent films a new type of American hero "kills reds and Russians not

on opposite sides.
Senior Soviet cultural officials, an elderly group in office for 30 years and 50 far untouched by Mr Gorbachev's purge of long - term administrators said yesterday that the Soviet Union was more willing than the IIS to

A Soviet newspaper published a series of letters from readers yesterday calling on

The Government said last of the daily Sovietskaya Rossiya said too much atten-tion was paid to achievements and not enough to lems facing the country.

By Patrick Cockburn in Moscow SOVIET officials have com-

portrayed individual Soviet citizens as "perfidious, insensitive and aggressive," creating an atmosphere of paranola about the Soviet Mr Georgy Ivanov, deputy Culture Minister, made his

to mark the reopening of cultural exchanges between the US and Soviet Union after a break of six years. The new accord on exchanges in literature, music and other arts was agreed at the Geneva summit by President Reagan and Mr Mikhali Gorbacher, the Soviet leader.

for money but with a kind of perverse relish." Mr Ivanov suid, citing Rambo II and Red Dawn as films showing this attitude. He also attacked a plan by the US television net-work ABC to make a 16 hour long television series about the US, after it is devastated

pation.

The hestility of popular American perceptions of the USSR has increasingly worried the Kremlin since Mr Mikhail Gorbachev became leader. Mr Ivanov said that a New York Times opinion pell showed that 44 per cent of Americans did not know that the Soviet Union and the US were allies in Werld War II and that 28 per cent of those polled believed that the two countries had fought the two countries had fought

more willing than the US to acquaint its people with the culture of the other super

the state media to report more evenly and not to conceal natural disasters and other problems, Reuter reports. Four letters from readers

"Un buen chico"—a good lad —is how Mr Manuel Marin, Spain's vice-president on the European Commission, has come to be regarded even by

Spanish businessmen, and for a socialist it is quite a complifrom Ireland's Peter Sutherland

took the Brussels post pretty much by right. For almost three years, he was Spain's front man in the nitty-gritty of the final entry negotiations, as secretary of state for relations with the EEC. In that job he won the title of "the briefcase man," respect for his tireless insistence and attention to fine detail, and a good deal of sympathy. By the time Spain and Portugal signed their accession treaties in June he was already marked down for

the Commission job.

The social affairs, employment and education portfolio which he has been assigned is one in which Spain—with the Community's highest unemployment rate of close to 22 per cent where he went after getting a where he went after getting a the Commission job. But Mr Marin knows the EEC master's degree in Community

well enough to have already taken care to establish his distance from the Madrid Government. He has taken positions for instance on trade union privileges, that deviate an undenoticeably from the party line. in 1975. Quiet, with a nervous habit of rubbing the side of his nose

when he speaks, but a good with a newly-invented job communicator, Mr Marin with which covers credits, invest-his tall, dark good looks adds a ments, financial operations and large dose of charm to his small and medium-sized comtalent for driving a hard barpanes, there is a light stigma and the stigma and

Cludad Real, in his home region of La Mancha, in 1977 he was politics that the Commission the youngest member. He is now appointments should not go appointments should not go through without a prolonged controversy. Having argued strongly for getting two commissioners like the four biggest EEC members, Spain could not decide until late in November, after a month-long deadlock, who should fill the second nost where he went after getting a law at the French university

Curiously, it was in Brussels that he joined the Spanish Socialist Party, when it was still By accepting the principle that the second nominee should come from the main opposition party, the conservative Popular an underground organisation, Alliance, Spain excluded most of the obvious non-socialist car-Mr Abel Matutes, the other Spaniard on the Commission, didates, those who were directly involved in earlier stages of the negotiations, and who

belong to centre parties, The first list of three names submitted by Mr Manuel Frags. seasons to his credit at the Bar-the Popular Alliance leader, celona soccer club Espanol.

Tan boosts Malaysian Chinese party role

By Wong Sulong in Kusia Lumpus MR TAN KOON SWAN, the beleaguered entrepreneur and politician, has consoli-dated his position as leader of the Malaysian Chinese Association (MCA) the largest Chinese political party, following a Cabinet

party, following a Calonet reshuffle over the weekend. Three of his supporters have joined its ranks.

Mr Tan, 46, won the presidency of the MCA last November after a protracted and bitter power struggle and the Cabinet changes were made to reflect the new MCA leadership line-up.

made to reflect the new MCA leadership line-up.
As expected, Mr Tan himself did not take a ministerial position partly because he wanted to devote more time to strengthening the MCA, and partly because of business problems arising from his involvement in Pan Electric Industries, the Singapore tric Industries, the Singapore marine and engineering group

mow under receivership.

The new ministers are Dr
Ling Liong Sik, deputy MCA
president, who is given the
transport portfolio; Mr Lee
Kim Sai is Labour Minister,
and We Chen Sieng Sup takes and Mr Chan Siang Sun takes over housing and

Mr Mak Hon Kam, an opponent of Mr Tan, was retained but transferred from Health. His retention in the Cabinet is seen as part of Mr Tan's plan to heal the party's

Apart from the MCA Cabi-net position, there were no changes affecting ministers from other parties of Dr Mohamed Mahathir's National Front Coalition Government. Mr Tan's most immediate problem is to raise \$\$\$m (\$2.5m) by tomorrew as part of \$\$20m which he had to inject into Pan Electric to keep the company afloat to allow a long-term rescue plan to be worked out.

He had also agreed to take on personally \$\$140m-worth of forward share purchase

contracts from Pan Electric and had secured consent from most brokers to roll these over for another six months.

Mr Tan's close associates
say if he is able to settle his
financial obligations and
rationalise his business interests, he is likely to join the Cabinet.



FT writers profile the new Commissioners from Spain and Portugal

Spain dispatches a familiar face

Spanish and Portuguese Commissioners receive portfolios at the first meeting of the Commission since Spain and Portugal joined the Community. (L to R) Mr Matutes, Mr Cardoso e Cunha, Commission President Jacques Delors and Mr Marin

Portugal champion braced for the challenge

BY DIANA SMITH IN LISBON

PORTUGAL'S first EEC Commissioner, Mr Antonio Cardoso e Cunha, is used to challenge, but he may find that the dis-tance between cattle ranching in Angola and fishing negotiaspirit as in miles. An industrial engineer by

training the 53-year-old native

for 14 years of the powerful Spanish fishing fleet, now relies on the Common Fisheries Policy to regulate Spanish access to its waters with a tight licensing system, to modernise its dilapidated fishing fleet and to ensure fair access for Portuvessels to Community waters.

panies, carries a slight stigma for not having been a first

of Nancy.

the EEC's most exacting areas, EEC machinery. His nomina-agricultural ventures, the Cruz "degrading, unjust economic, where his country has a vital ion by the three-month-old do Campo project, producing cultural and social devaluation" government of Professor Anibal mushrooms and upmarket fruit which marked his country's Portngal, the reluctant host Cavaco Silva came very late, and vegetables. The project recent past.

but his record indicates an ability to adjust quickly. After returning from Angola, where he left behind lucrative businesses and ranching, he served between 1978 and 1981 in three governments—as Foreign Trade Secretary, Industry Secretary and, in 1980raters.

81, as a plain-speaking Minister
Mr Cardoso e Cunha may of Agriculture and Fisheries.

was designed with an eye to export to lucrative EEC markets and is jointly owned by thousands of investors who once had shares in Angolan diamond mines nationalised after decolonisation in 1975.

Mr Matutes, 44 the party's

top spokesman on the economy, was not contacted about the job

until a week before his appoint

ment, which came as a surprise.

Since then, he has had to learn

rapidly about the Community

However, Mr Matutes' lack of

international experience is off-set by-his business background.

Coming from a banking family, Mr Matutes built up a tourism and property empire during the

later Franco years in Ibita, where he is known as the "master of the islands." He

has degrees in both law and

economics and a couple of

and its institutions

Shortly before he left for Brussels to take up his new post Mr Cardoso e Cunha, with characteristic bluntness, said of Lisbon brings long experience as an entrepreneur, technician and politician to one of
nocence of the workings of the
nocence of the workings of the
portugal's most successful new
agricultural ventures, the Cruz

"degrading, unjust economical
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VW seeks share in Soviet project

a multi-billion-dollar polyester complex in the Soviet Union. In view of the large volume of business available under the Russians' 1986-1990 plan, Bonn is anxious to see West German companies secure a sizeable share, despite Chancellor share, despite Chancellor Helmut Kohl's backing for the US Strategic Defence Initiative

(star wars) project. The Bonn government can, therefore, be expected to make electronic machinery, as much local political capital some chemical goods and the as possible out of any deals establishment of tourist facilities

that Uhde, the process plant • Hungary is offering tax bene-subsidiary of the Hoechst fits, cheap labour and some cus-chemical concern, is well placed toms facilities to attract foreign —in competition with UK and know-how and capital in joint Japanese companies—to build ventures with Hungarian part-

Hungary's Deputy Finance Minister, Mr Peter Medgyessy, said the profit tax would be halved if 50 per cent of the profit were reinvested in Hungary, and the tax would be reduced to a quarter if all the earnings were put back into

Joint-venture production of pharmaceuticals

China and West Germany in joint rail freight venture

consider a decision or contract

to be imminent.
Other companies interested

the federal government-owned steel and manufacturing group, and Liebherr, the construction equipment and engineering con-cern which has long-standing

business links with the

ments for large-scale assembly of engines in East Germany and China.

VW has already signed agree-

There has been much specu-

SNAMPROGETTI, the plant engineering subsidiary of Italy's ENI state energy group, has won a \$60m (£42.8m) contract to build in the Soviet Union what it claims will be the world's largest and most auto-mated electrolytic zinc smelter.

WEST GERMANY, which is VW, which is 20 per cent vying with other Western nations for increased business in the Soviet Union, is hoping state of Lower Saxony, does not

This is one of several largein aspects of the Soviet motor
scale Soviet investment proscale Soviet investment prosects being viewed with intense the federal government-owned

to play an important role in a

interest by West German in-dustrialists and politicians.

Volkswagen, the car manufacturer, has been negotiating

with the Russians since last

gines near Moscow for use in a new model Soviet car. The company said yesterday

that talks were still in progress and declined to give the nature

or value of any possible deal.

Snamprogetti

smelter order

By Alan Friedman in Milan

The plant will produce 200,000 tonnes a year of refined zinc at a site at Seliabinsk in western Siberia. Com-

Snamprogetti has signed the

contract with Licensintorg, a Soviet Agency acting on behalf of the Ministry of Non-Ferrous

The zinc refining process is to be licensed from Samin, an-

other subsidiary of Italy's ENI group. Samin specialises in the

mining and processing of non-

The process to be used at the

Soviet plant is to be based on a technology which involves

pletion is expected by 1989.

wins Siberia

being made by the Chinese and international trading partners to build up freight services in an organised way.

The joint venture has brought together Sinotrans, the Chinese freight group, and Schenker, the freight forwarding subsidiary of the Bundesbahn, the West German government-owned railways. They have set up a company called Sinotrans Schenker, with total capital of DM 300,000 and with an office in Hamburg. Schenker, which had sales revenue of DM 6.8bn (£1.7bn) in 1984, is active worldwide in ferrous ores and in developing all kinds of freight forwarding, related technologies. Chinese will be limited to trans-

Siberian rail transportation.
Initially, the venture will be

\$150,000,000

The undersigned will act as a dealer.

Chase Manhattan Limited

January 1986

Chase

This announcement appears as a matter of record only.

The joint venture company

will market the concept of trans-Siberian rail freight and coordinate this section of the busi-ness. But Schenker and its Chinese counterparts will be responsible for handling traffic within their own countries. Schenker claims that trans-

Siberian freight is competitive with sea freight. Meanwhile, Kühne & Nagel, the West German freight for-warding company, is increasing its staff in China to back up its

Under an agreement with the Chinese, Kühne & Nagel handles consolidated air freight shipcomputer-controlled production concerned with West German and automated handling of container trade, but it is jumbo cathodes. ments bound for China. But the company believes it will take the Chinese authorities

The Washington Post Company

Euro-Commercial Paper Program

bound air tonnage from West Germany, bottlenecks have developed, the company says. One problem has been the limited cargo space in inter-

> of last year. To overcome transit delays at Peking airport, Kühne & Nagel has increasingly diverted freight to Hong Kong for further de patch to some Chinese cities, including Canton, Hangchow

national carriers, although this

has improved since the middle

Peking and Shanghai are tight spots in the movement of cargo, according to the company, "Their infrastructure leaves much to be desired in comparison with air freight hubs else-where," said Mr Wolf-Dietrich von Helldorff, a Kühne & Nagel executive in Frankfurt.

French in talks on helicopters for Hungary

AEROSPATIALE, the French state aerospace group, is in advanced negotiations with Hungary to sell the East European country up to 75 Ecureuil helicopters over 10 years in a deal worth at least FFr 300m (£29m). The French company is competing with McDonnell Douglas of the US for the Hungarian order which would represent an important boost at a time when helicopter market is

be insisting that there is no cash payment for the helicopters. In exchange, Hingary would trade consumer goods, including tex-tiles, for the helicopters. In an effort to improve Aerospatiale's chances, General Jacques Mitterrand, the brother

of President Francois Mitter-rand and the former chairman of the French state aerospace group, recently visited Budapest. Aerospatiale officials con-firmed the advanced state of negotiations with Hungary. A decision was due to be taken by the end of this month on the contract but the French officials suggested it was now likely to

take longer. The French group has several co-operation agreements involving helicopters with East European countries, including Remania and Yugoslavia. The Hungarian sale is expected to involve helicopters mainly for crop spraying and other civil

Dutch leader in call to US on fibre row

MR RUUD LUBBERS, Dutch Prime Minister, has written to President Ronald Reagan of the US expressing concern about US-Dutch trade relations because of a row between two major chemical companies, agencies report.
Enka. a subsidiary of Akzo
NV, is locked in a long-running
battle with Du Pont of the US over rights to market a super-strong fibre used in 'sullet-proof vests, climbing rope, aerospace

and defence work.
On November 25, the US
International Trade Commission (ITC) banned Enka from selling its new "Twaron" aramide fibre in the US before 1990, on the grounds that it would seriously affect sales of Du Pont's similar "Kevlar"

A Dutch appeal court last week upheld an earlier ban on Du Pont marketing Kevlar in the Netherlands, saying Du Pont had disregarded a patent held by Enka on the process used in making the fibres. The Dutch Government is backing Enka's appeal through

the European Commission against the ITC decision.

If the Commission upholds the complaint, it could recommend trade sanctions by its member states against the US. Its decision is not expected until January 25.

A Dutch Government spokes. nan declined to say when Mr Lubbers' letter had been sent, or if the Dutch Prime Minister had asked President Reagan overrule the ITC decision.

O'Neill predicts tough trade Bill this year

MR THOMAS O'NEILL, speaker of the US House of Representatives, has predicted that Congress would pass legislation congress would pass legislation this year to force America's trading partners to open their markets to US goods, Reuter reports from Washington.

"I predict that in 1986 the House of Representatives will act on legislation that forces our trading partners to open their markets to American 500ds and that sets tough sanc.

goods and that sets tough sanc-tions on countries that use unfair trade practices to run up exporbitant trade surpluses," Mr O'Neill said.

He added that a Bill that would impose a 25 per cent tax on imports from countries with big surpluses in their trade with oig surpluses in their trade with the US would be "an excellent starting point for such (trade) action." America's trade deficit, he added, was running at a record \$1450n -- \$500n of that with Japan.

Mr O'Neill also noted that the effect of the trade of the trade

effect of the trade deficit on US industries had been exacerbated by a growing federal budget deficit. He called on the Administration to adopt policies to cut the deficit

Gibraltar go-ahead for tourist projects

GIBRALTAR has given the goahead for major development
projects to boost the colony's
tourist industry, Joe Garda
writes from Gibraltur.
Taylor Woodrow International
has been awarded a prime site

on the western seafront for a £30m development incorporat-ing a casino in a five-star hotel with conference and banqueting facilities. There will also be a 350-berth yacht marina. The development is scheduled to begin in July 1987.

Foreign companies in protest at Pakistan countertrade plan

PAKISTAN'S plan to commisment and the three companies sion three foreign companies to "were tentative." He added: indertake some \$1bn (£714m) "Regular contracts have yet to undertake some \$1bn (£714m) in countertrade business is looking uncertain following protests by 40 other companies seeking a share in the business.

a share in the business.

The controversy arose after the Ministry of Commerce's recent decision to assign three trading companies.—Sukab of Sweden, Marco of Switzerland and Mitsubishi of Japan—to arrange the export through countertrade of \$500m in Pakistani goods, with a further \$500m to be imported in compensation. to be imported in compensation.

Other companies seeking a slice of the business protested and this has resulted in an intervention by the Prime Minister, Mr Mohammad Khan Junejo.

how the three companies were selected and to develop new selected and to develop new criteria for selecting companies undertaking countertrade on behalf of the Government. The Prime Minister's inter-vention has left the countertrade programme in a state of un-certainty. One official said that

Mr Junejo has asked the Com-merce Department to report on

the letters of understanding Some Karachi businessmen between the Commerce Depart- are saying that prices for

be signed."

At the centre of the problem is Pakistan's worsening export performance, involving such staples as raw cotton, hides and skins, leather, engineering goods, minerals, fruit and vegetables, surplus steel and rugs and carpets.

The Government ultimately

wants to see some \$1bn of its exports handled through exports handled through countertrade by multinationals, with a further \$1bn in imports handled by the same companies. Pakistan's annual exports are worth \$2.5bn, far less than its import bill of \$6bn.

Tea adible oil grade oil and

import bill of \$6nn.

Tea, edible oil, crude oil and oil products and fertiliser as well as several other items would figure in Pakistan's import needs under the plan.

There is also concern that the allocation of much of Pakistan's will. exports to countertrade will disrupt conventional trading

Department plan compared with cash deals. They cite a recent deal under negotiation to import Malaysian palm oil If the goods were acquired through countertrade, they would cost \$430-\$435 a tonne for cash with delivery this month.

It is Government practice to allow a premium of up to 5 per cent on bartered imports from the centralised economies. The premium is offered to attract barter exporters so that they can accept rupees in part payment, but officials admit that countertrade prices could be as much as 15 per cent higher than those for cash deals.

Pakistan imports goods worth \$400m-\$450m a year under barter from socialist countries, and a similar amount is exported. With a switch to a more broadly based counter-trade system, these markets will dry up and pose a problem if Pakistan, in the event of the patterns and may result in too-high prices being paid for imported goods.

Some Karschi businessmen multinationals, tries to regain

SHIPPING REPORT

World shipping faces flat year

STARRY-EYED optimists are

Thus, 1986 looks like being a Certainly, the New Year did shipbroking firm, said world sober year. Ships are now being not get off to a brilliant start shipbuilding order books were valued at levels related to in most markets. Denhoim at their lowest level since 1978. recent low building costs rather than the inflated levels of the early 1980s, Matheson (Charter-ing) remarked in its end-year

In 1981, a new Panamax ship (60-80,000 deadweight tons and able to use the Panama Canal) could cost \$25m. But last year, with shipyards' increased efficiency and desperation to win business, the price for a more fuel-efficient vessel was \$10m.

Matheson welcomed changes in valuation "This greater willingness to face painful facts is a healthy sign, especially as it is usually com-bined with a much greater awareness of the need to cut costs and increase operating efficiency."

Banks, too, should now be Coates, the UK shipbroker, said few and far between in world more sconscious of the need to prospects for the early part of shipping after markets have relate ships' values to current 1986 looked bad, though the been bumped uncomfortably building costs and be more usual seasonal upturn of Aprilback to reality in the past year selective in their choice of May could help rates. R. S. Platou, the Norwegian

TRADE STATISTICS

World	Ecor	nomic	Ind	icato	rs
UK £bn	Exports Imports	Nov. 85 4.299 4.440	Oct. 85 4.317 6.317	Sept. 85 6,098 6,297	Nov. 8 6.45 6.60
US Shn	Balance Exports Imports Balance	-0.141 17.576 30.285 -12.309	0 17.348 27.594 10.224	-0.199 17.732 31.764 -14.032	-0.15 18.35 27.33 -8.93
Japan Sbn	Exports Imports	Oct. 85 16,018 11,613	Sept. 85 14.510 10.133	Aug. 85 14.523 9.698	Oct. 8 14,47 10,25
France FrFbn	Balance Exports Imports Balance	+4.405 78.18 77.20 +0.78	+4.377 76,72 79.33 -2.61	+4.925 74.90 74.90 +0.04	+4.27 73.8 77.1
W. Germany DMbn	Exports Imports Balance	44.63 38.53 +6.30	44.35 37.48 +6.87	44.73 37.60 +5.13	-3.3 43.3 37.0 +4.3

Contracts & Tenders

Kenya Airways

TENDER FOR ADVERTISING

TENDERS ARE INVITED FROM ADVERTISING AGENCIES TO UNDERTAKE:

(a) Media advertising in Kenya and overseas

(b) Production of display materials for use in Kenya and abroad; (c) Production and/or design work for give-

away and promotional items which may be

produced locally or overseas; and Production and/or design materials for use during special events, promotions or exhibitions.

Tender documents may be obtained from the Company Secretary, Kenya Airways, PO Box 19002, Nairobi. Tenders in plain sealed envelopes marked "Confidential Tender for Advertising" without further indication of the contents should be addressed to The Company Secretary, Kenya Airways, PO Box 19002, Nairobi, or delivered to the Tender Box in the Company Secretary's Office. 3rd Floor. Kenya Company Secretary's Office, 3rd Floor, Kenya Airways Headquarters Building, Embakasi, Nairobi, so as to reach him by noon GMT on 20 January 1986.

Kenya Airways shall not be bound to accept the lowest or any Tender.

K. S. BHULLAR

Company Secretary



Kenya Airways

TENDER NOTICE

RENEWAL OF THE INSURANCE COVERS FOR 1986/87

Tenders are invited for aviation and non-aviation policies and medical insurance scheme for a period 1 April 1986 to 31 March 1987. Tender documents are obtained from the Company Secretary, Kenya Airways, P.O. Box 19002, Nairobi. Tenders in plain sealed envelopes marked "Confidential tender for renewal of insurance covers 1986/87 renewal of insurance covers 1986/87" without further indication of the contents, should be addressed to The Company Secretary, Kenya Airways, PO Box 19002, Nairobi, or delivered to the Tender Box in Company Secretary's Office, 3rd Floor, Headquarters Building, Embakasi, Nairobi, so as to reach him by noon GMT on 20 January 1986. Kenya Airways shall not be bound to accept the lowest or any Tender.

K. S. BHULLAR Company Secretary

KUBOTA LIMITED KUBOTA LIMITED
European Depositary Receipts
issued by
Morgan Guaranty Trust Company
of New York
A distribution of \$0.3712 per
depositary shars less any applicable
taxes will be payable on and after
December 16, 1985 upon presentation of compon No. 35 at any of the
following offices:
MORGAN GUARANTY TRUST
COMPANY OF NEW YORK AT:
New York, 30 Weat Broadway
—London, 1 Angel Court
—Brussels. 35 avenus des Arts
—Paris, 14 Place Vendôme
—Frankfurt, 48, Mainzer Landstrasse
KREDIETSANK SA
LUXEMBOURGEOISE
—35 Boulevard Royal, Luxembourg
Net rate:
0.3155 fefter deduction of 1884

-43 Education of 15%
Net rate:
0.3155 (after deduction of 15%
Japanese withholding tax)
0.2970 (after deduction of 20%
Japanese withholding tax)

MITSUBISHI ELECTRIC CORPORATION arer Depository Receipts issu CORPORATION

Beater Depositary Receipts issued by Morgan Guscanty Trust
Company of New York
A distribution of \$1,950 per depositary share less any applicable taxes will be psyable on and after Decamber 23, 1985 upon presentation of coupon No. 30 at any of the following offices:
Morgan Gusranty Trust Company
Morgan Gusranty Trust Company
Morgan Gusranty Trust Company

- New York, 25

- New York, 30 West Brosdway

- London, 1 Angel Court

- Brussels, 35 avenue des Arts

- Paris, 14 Pizce Vendôme

- Frankfurt, 46 Mainzer Landstrasse
Credit Industriel d'Aiszoe et de
Lorraine

- Grand 'Bue 102 (unambasse) Credit industriel d'Ansece Lorraine
Lorraine 103, Luxembourg
Grand Rue 103, Luxembourg
Not rate: 1.605 (after deduction of 1557 (after deduction of 1557 (after deduction of 1557).

ASAHI CHEMICAL INDUSTRY LTD.

NOTICE TO BONDHOLDERS
PIRELLI UK INTERNATIONAL
FINANCE BY.

7-5% £40,000,000 Bond Issue
a) Bondholders are hereby informed that following the issueiredit spa 9.75 per cent Bonds
Comberble into Pirelli 3pA
Ordinary Shares and due to the
effect of antidilution clause.
Price for subscription of Pirelli
Spa Shares under this Boadis as of September 4th, 1965 —
The it 3,050 per share
b) issue of Pirelli 3pA Saving
Shares readined upon on
November 6th, 1985, No adjustment in subscription price her
resulted from the issue of
Pirelli Spa Saving
November 1985.

UK NEWS

Tony Jackson on US drug groups' protests at the cuts in NHS business

Robins to sell British plant

A. H. ROBINS, the troubled US ernment's general attitude to drug intellectual pharmaceuticals group, is to abandon drug manufacture in the UK. Its manufacturing plant at Horsham in Surrey, completed in September 1984 at a cost of £9m, is to

be sold for an undisclosed sum to Glaxo, the British drug company.
Robins' UK subsidiary assigns
the blame entirely to the UK Government. The limited list of drugs available for prescription through the National Health Service (NHS), which was introduced in April last year, removed almost half its NHS

tors

The state of the s

business, Robins said. Sales of products excluded from prescription under the new system a combined antihistamine and decongestant called Dimotapp, a number of cough remedies, an antacid, some vitamin preparations and an analgesic - made up about £4m of Robins' UK sales of £12.5m last

Robins is something of a special case. Its US parent is seeking pro-tection from its creditors as a result of lawsuits over its intra-uterine contraceptive, the Dalkon Shield.

The Horsham plant was Robins' largest manufacturing investment outside the US. At the plant's dedi-cation ceremony in September 1984 attended by Mr Norman Fowler, the UK Social Services Secretary the company spoke optimistically of basing a European research and development centre on the same site.

That project has now been

The limited list has had a

company investment in this country," Robins says.

A number of other US drug companies with operations in Britain evidently agree, Warner Lambert, maker of the excluded cough mixture Benylin, announced a month ago that it was to close its factory at Eastleigh in Hampshire with the loss of 400 jobs and concentrate

The company, which had lost NHS sales of Benylin worth close to £5m, made it clear the investment required for relocation in Wales rested heavily on financial help from the Welsh Office. Otherwise. production would have been shifted

to the European continent.

Another US company, Lilly, shares that attitude. "From now on," Lilly says, "any new manufacturing process will go to Europe if the economics are equal. In the past few months one animal health project which should have gone to our Liverpool plant has gone to Italy. Another very high biotechnology project which would normally be considered for Liverpool is now being very seriously considered for Ire—Products of the US, has cut

land."

Lilly is luckier than some companies in that its main excluded products, Distalgesic, with sales of some £10m, can still be prescribed on the NHS as a generic drug at a lower price. "But that's quite unacceptable to our US management," Lilly UK weth's £24m UK turnover. Wyeth has cut reduced products in the US, has found the US, Like Lilly, Wyeth has found that its chief products, benzodiaze price tranquilisers, can now be prescribed only as lower-priced generic drugs.

The change has affected half of the US, has cut reduced products in the UK, Like Lilly, Wyeth has found that its chief products, benzodiaze price tranquilisers, can now be prescribed only as lower-priced generic drugs.

The change has affected half of the US, has cut reduced products in the UK, Like Lilly, Wyeth has found that its chief products, benzodiaze price tranquilisers, can now be prescribed only as lower-priced generic drugs.

The change direction.

Although haggling over matter. The delisting of esta products is regarded as a broad trust and the abrupt and un way in which the system way in which the

expropriated."

Unlike some foreign drug compacompany's biggest outside the US.

We had been steadily increasing our UK R&D expenditure over the manufacture at its other factory at past six years," Lilly said. "Now Pontypool in South Wales. we've told the Government that we're cutting our investment right back. We won't be making any major new investments, though we On the other hand, both projects will maintain the establishment.

very seriously considered for Ire-land." Wyeth, a subsidiary of American timistic that after several years of Home Products of the US, has cut reduced profitability the Govern-

nies, Lilly does a significant claims of all these companies with amount of research in the UK. Its caution. The high quality and rela-UK research and development tive cheapness of British research-(R&D) establishment employs ers still gives the UK considerable more than 300 staff and is by far the attractions as a research base. Since the introduction of the lim-£30m biotechnology plant in Scot-land. Upjohn of the US is consider

costing up to \$50m.
On the other hand, both projects "R&D is a very long term invest-ment and you have to keep an eye on continuity. But with manufactur-cation to Pontypool, this suggest that the UK's present attractions a ing, which more often consists of that the UK's present attractions as crete projects, the effect is bound a home to international drug companies might depend on govern-ment cutbacks being made good financially at the local level.

Besides the limited list, the industry is aggrieved over the basic under the NHS. The annual discussions over profit levels for the comnext few weeks. The industry is op-timistic that after several years of

Although haggling over NHS pricing is a familiar process for the industry, the limited list is another matter. The delisting of established products is regarded as a breach of way in which the system was intro-duced was evidently unnerving.

47 Electrical and Electronic companies, 2 Freight Forwarding agencies, 6 Printers and Publishers, 3 Haulage companies, 10 Computer companies, 22 Business and Secretarial services, 4 Packers, 2 Robotic Engineering companies, 25 Mechanical Engineering works, 15 Precision Engineering groups...and a man who makes printed circuit boards.*

Data base shows industrial aid in EEC

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

DETAILS of government industrial aid schemes throughout the Eurolaunched this week.

use their own computers to interrogate a computer based at the University of Strathclyde, Glasgow. About 600 schemes in 10 EEC member countries are covered.

Assistance available in the Community's new members, Spain and Portugal, will be added later.

result of three years of preparation by the Centre for the Study of Pub-

compare government financial as- training, energy-related projects, assistance. The data base covers on such as the duration of financial as sistance, location restrictions, aid Private companies will be able to destined for particular industries and the amount of assistance

references and interrogations sim- for Policy Studies.

Targets for aid are classified ac-The project, called Euroloc, is the cording to problem areas, research sion's information technology direcand development, small business development, aid for specific industrial sectors, structural adaptation ies considering a new lo- for companies in difficulties, grants

sistance packages and note individ- environmental protection and ex- ly national assistance and does not

EEC member countries' economies which can be interrogated and compared. The data base has over 3,500

available.

The Glasgow data base, part of the university's VAX computer, is kevin Allen and Mr Douglas Yuil, senior research fellow at the Centre The data base has been partly fi-

nanced by the European Commis-

torate but is designed to be selffinancing, based on subscription. Eurolog aims to provide information rather than to assess the mercation in Europe will be able to and assistance for employment and its of various types of government

nclude aid svailable from local authorities in each country.

from information sent in by EEC member governments and by monitoring national newspapers and government press releases. Members of the centre also trave throughout the Community to gather and update material.

English is the main language of

the data base. Prof Allen's unit at Strathclyo produced the annual European Re gional Incentives study which, in book form, compares aid available

EEC and Sweden.

Glenrothes has over thirty years experience of above are but a small proportion of those for business development.

Over thirty years of providing a sound indusfor the community-the businesses mentioned F

establishing an infrastructure that makes sense enjoying all the benefits of a continual association with Glenrothes Development Corporation.

*With support from Glenrothes Development trial base for the widest range of companies has Corporation Michael Conway has set up his own resulted in a continual pattern of successful growth company C. B. Circuits, to produce printed a circuit boards.



BALBIRNIE HOUSE, GLENROTHES, FIFE, SCOTLAND KY7 6NR. TELEPHONE: 0592-754343. TELEX: 727125



Alliance parties agree seat allocation By Peter Riddell

THE LIBERAL and Social Democratic Alliance has removed a major source of internal tension, after final agreement on the allocation between the two parties of parliamentary seats to be fought at the next general election.

A basis of agreement now exists

in every seat after compromises by both Dr David Owen, the SDP leader, and some Liberal activists. These involve the selection of candidates in over 60 seats jointly by members of both parties.

Final meetings to ratify the deal will now be held locally but differences have been removed even in seats such as Leeds North West where both parties had put forward

stage in closer Alliance relations after previous disagreements. At this stage of the last Parliament, in early 1982, seat negotiations were temporarily suspended by Mr Bill Rodgers of the SDP. This time, Mr Rodgers has been one of the key

figures in securing a deal.

The result of the lengthy negotiations is that each party will fight more than 300 out of the 635 mainland constituencies in Britain, keeping the rough parity which has been the aim throughout. Despite some swapping of constituencies between the parties, the balance of winnable seats is roughly as it was at the 1983 general election.

The key part of the agreement is that in more than 60 seats candidates should be picked on the basis of joint open selection - that is, from members of either party by members of both. In addition, in around 30 seats candidates will be picked from among SDP nominees by members of both parties.

Of the first 25 joint open selec tions, about half a dozen which were fought by the Liberals in 1983 have gone to an SDP candidate and there has been an almost identical shift in the opposite direction.

This balance will allay the fears of some SDP activists who were worried that the Liberals might win most of such open selections

Electricians set for fresh clash on TUC policy

BY HELEN HAGUE, LABOUR STAFF

THE ELECTRICIANS union EET-PU appears poised to defy the for-mal advice of Mr Norman Willis, general secretary of the Trades Union Congress (TUC), not to countenance a single union agreement with News International for its new printing plant in Wapping, East

the prospect of suspension - or ex- to me not to enter into negotiations pulsion - of the union from the with the company. Every other

would recommend to his union's ex- sent our members' interests. ecutive next week that the union ac-

to hold national-level talks. News International, owned by Mr doch for negotiations on recognition at the plant expired. But it was new London newspaper, The Post, aimed primarily at the electricians, at the Wapping plant this year. Mr the only union not to rule out sign-Murdoch's newspaper interests in ing the legally binding no-strike Britain include the Sun, News of deal that the company has the World and The Times.

The TUCs Printing Industries leaders and representatives of all print unions - is due to reconvene on Friday. Mr Rice will then make his views on the question of recognition at Wapping known.

He said last night "I am concerned that Norman Willis' letter Such a move would again raise could be construed as an instruction union has held talks at national lev-Last night Mr Tom Rice, the el with the company. We have not EETPUs officer responsible for national newspapers, said that if Mr is an attempt to stop us from exer-Willis persisted in his stance he cising our legitimate right to repre-

Mr Willis' advice was issued to all cept News International's invitation print unions in late December, days efore the deadline set by Mr Mur-

Unionists dismayed by violent end to march

BY HUGH CARNEGY

keep their campaign against the their presence felt.

Unionist Party (OUP) said street stabulary protests might have to be abanThe determined nature of the atdoned as a result of the ugly scenes tacks and the inability of politicians

EFFORTS by Ulster Unionists to had apparently decided to make

Anglo-Irish agreement peaceful Appeals for calm by Mr James were dealt a blow on Saturday Molyneaux, leader of the OUP, and when a demonstration outside Bel- other politicians addressing the fast crupted into violence in which crowd were ignored by groups of 26 policemen were injured.

Youths, some of them masked and youths, some of them masked and a social of the crowd were ignored by groups of the crowd were injured. Afterwards, Mr Frank Millar, helmeted, who mounted a series of eneral secretary of the Official attacks on the Royal Ulster Con-

outside Maryfields House, where to halt them contrasted with an out-the Anglo-Irish secretariat is based. break of more spontaneous violence Senior Unionist politicians were during a similar protest at Mary-dismayed that loyalist paramilitar- field last month. That ended an ists, who had previously remained otherwise peaceful protest march in the background in the campaign by young Unionists from London-against the London-Dublin accord, derry.

New daily paper to name backers

By Raymond Snoddy

THE NEW quality national daily newspaper planned by former Daily Telegraph journalists will tomorrow announce the names of six in-stitutional backers investing a total

Mr Andreas Whittam-Smith, editor and chief executive of the proposed new daily, said yesterday that the first-round finance was coming from investment trusts and unit trust groups.

They are all familiar names in the City of London, nothing ob-scure, all British and all blue ri-band," said Mr Whittam-Smith, furmer City editor of the Daily Tele

He said that the first six institutions to be approached had agreed All six will also participate in the second round, designed to raise an additional £15m to £16m in equity and loan stock within the next two

The company, Newspaper Publishing, will come into legal existence tomorrow and hopes to sign later this month a lease for offices in London's City Road. The journalists plan to announce the name of the broadsheet newspaper within the next few weeks,

The newspaper, due to be launched in the first week of October, will not, according to Mr Matthew Symonds, deputy editor, be identified with any party line. It will tend to be free market in economic policy, liberal on social issues and pragmatic on foreign

The first dummy issue of the newspaper will be completed this week and detailed market research will then be carried out. Research on the concept, Mr Symonds said, produced a high response in the target audience - 22-45 year-olds in the higher social groups. The breakeven circulation is said to be just under 300.000.

The newspaper will be printed under contract by unionised houses in different parts of the country. Senior staff have already been recruited for the newspaper, which will use the latest computer technology.

Filmless cameras in focus

landish a concept today as horse-less carriages must have been in the early 1880s. Yet the coming year may see them capture a central place in commercial and technological debate about the future of the singgish world market in photo-graphic equipment.

Development work by leading companies has continued quietly in the four years since Sony, the Japanese audio and video products group, first publicly displayed - perhaps prematurely - the prototype Mavica. A still camera, it stored its images not on conventional silver based film but on a magnetic disk.

It bypassed the tedious business of processing and printing the Sony Mavica's disk could be played back through a video system, and the pictures viewed on a television

Poor-quality images and the Mavica's high cost (possibly in the region of £1,000 each) rendered the product something of a white elephant. It has not yet been put on

sale. exaggerated. of the There are fresh signs, however, that electronic still photography is manufacturer, has said it expects to tures.

would bypass the business of processing and printing technical immigration to con-

The Japanese have said for a long time that they see the future of home entertainment revolving around the television," he says. "It makes sense to put photography there as well." Current stagnation in camera sales offers manufacturers an incentive to investigate a technology that might evoke new

In Britain, total annual camera sales, which stood at £53.5m in 1978, fell to £50.5m in 1984, after a peak in the early 1980s.

There are still technical and economic obstacles to a takeover of the market by filmless cameras; reports of the imminent demise of ntional, film-based photography are doubtless considerably

"a goer, with a capital G," in the begin marketing to professionals words of Mr George Hughes, editor some time this year a colour election of the British magazine Camera tronic filmless still camera based on some time this year a colour elec-tronic filmless still camera based on a model used experimentally by Japanese press photographers at the 1984 Los Angeles Olympics. At its heart will lie a fingernail-

sized semi conductor, known as a charge-coupled device (CCD), that can convert images picked up through the lens into electronic signals recorded on a floppy disk. Again, the disk can be inserted

into a playback device and the pho-tographs viewed instantly on a screen. Alternatively, they can be transmitted down telephone lines to a newspaper office, or printed out using another special unit.

Such technology does not come cheaply. Unconfirmed reports suggest that the Canon camera alone might cost more than £1,000. If the high price is one factor limiting use of the filmless camera, the other is the present inferiority of their pic-

Canon's camera demonstrated in Los Angeles featured a CCD capable of handling 400,000 separate pieces of visual information - con-siderably more sensitive than the Mavica's and adequate for producing newspaper pictures, but still far less sensitive than most films.

Manufacturers might opt instead for a cheap still video playback system without a new form of camera. Eastman Kodak is scheduled to begin North American consumer trials of such a system

It will use a unit in a photofinishing laboratory to transfer images m ordinary camera film to floppy disks, each storing up to 50 pic-tures, which a customer can play back via a unit attached like a video cassette recorder to a home TV set,

By early 1987, Eastman Kodak says, the system might be on the market, Fuji Photo Film, the company's key Japanese rival, began selling a comparable system in Ja-pan more than six months ago.

Record £6.2bn raised on London market

BY MICHAEL PROWSE

A RECORD 21.7bn was raised by 2575m and British local authorities the London stock market last year, £566m. according to figures released by the Bank of England

The rate of capital issues was 72 per cent higher than in 1984, which was also a buoyant year. In the capital markets

The unprecedented volume of new issues in 1985 reflected the buoyancy of stock market prices and accompanied a wave of industrial fixed investment spurred by tax changes in the 1984 budget. The hunger for new money also reflect-ed the unusual intensity of corporate takeover and merger activity.

After allowing for £1bn of redemptions, the net new money raised last year was £5.2hn, 80 per cent of which was ordinary shares. UK public companies raised a net £5.1bm, overseas borrowers raised

British and foreign companies on and public corporations repaid

Among public companies, industrial and commercial groups raised £4.1bn and financial institutions £1bn, Less than 60 per cent of industrial capital issues came from early 1980s, only about £2bn to £3bn the manufacturing sector - service of new money was raised in London industries also showed a keen appetite for funds.

> The service sector raised nearly £1.5bn on capital markets last year. Wholesale and retail distributors, hotels and restaurants and repair companies alone raised £800m. The transport and communication sec-tor raised £222m.

Last year also saw a further increase in the volume of new issues on the London unlisted securities market. A total of £180m was raised against £159m in 1984. Most of the money was raised in the form of ordinary share issues by UK industri-

Scope for tax cuts reduced. says broker

half the scope for tax cuts in this year's budget, argues Simon & Coates, the broking firm, in its lat-

est economic assessment, published It says the Chancellor of the Exchequer will be able to cut taxes by only £1% bn in March. Last year the Treasury had pencilled in tax cuts

of up to £3%br. The reduced scope for tax cuts r flects the broker's forecast that oil revenues will decline steeply - from £11%bn in the current financial

year to only £71/2 in 1986-87. Taken by itself, the £4bn drop in projected oil revenues would eliminate entirely the scope for tax cuts. But it should be partially offset by the buoyancy of non-oil revenues, which are expected to exceed offi-cial projections by about £2bn.

Company Notices

EUROPEAN COAL AND

EUROPEAN COAL AND
STEEL COMPRENTY
(ECSC)
Established by the treaty which was algoed in Parle on the 18th of April 1951
KIRCHBERG - LUXEMBOURG
(GREAT DUCHY OF LUXEMBOURG)
Bonds 7½% 1973-1988 of F7250.000 Each
Alphanumerical Code: 235 765
Numerical list of the 24 bonds drawn at the 8th drawing conducted for redemption on the 18th of December 1985 and redeemable from the 30th of January 1995 at F7250,000 per bond
2 to 25
All previously drawn bonds were paid

USD 300.000.000 CAISSE NATIONALE DES TELECOMMUNICATIONS Floating Rate Notes due 2000 ptice is hereby given that the next terest period chosen by Caissa

The Fiscal Agent BANQUE NATIONALE DE PARIS (LUXEMBOURG) S.A.

Arthur Sandles, writer of wit and authority

ARTHUR SANDLES, who died in always keen to volunteer for any as Switzerland yesterday at the age of signment, however remote from his 50. was one of the FT's most talent- main responsibilities, where his ed writers. He made an outstanding writing talent - and his taste for the contribution to the development of off-best story - could be put to good the paper over the past 20 years, use. In his travel articles which ap-not only in the field of travel and peared almost every Saturday he tourism where he achieved an in- was able to convey the flavour and ternational reputation, but in many atmosphere of the many exotic other ways.

He will be remembered for the warmth of his personality, his unfailing good humour and his infectious enthusiasm for new ideas. He will be deeply missed by his friends and colleagues on the FT and

He began his journalistic career on the Kentish Times group, later working in broadcasting and provincial evening papers. He joined the Financial Times in 1961 as a la-bour reporter. From his first days on the FT he tackled every job that Public. came his way with relish, rapidly establishing himself as a versatile, fluent and thoroughly reliable writer on a wide range of subjects. His ness side of the leisure industry - feature-writing skills were soon in evidence and he served both as feature which as the covered, such as broadcastlending tures editor and as editor of the Men and Matters column.

While he was always happi FALLING oil revenues have cut in siderable editing skills. In 1977 he nessmen in the leisure field. was asked to redesign and take charge of the leisure sections of the Saturday FT, a task in which he showed flair, originality and a re-markable ability to get the best out of his contributors.

primarily on travel, bourism and the who came into contact with him. leisure industries, although he was

peared almost every Saturday he places he visited while never forgetting the practical needs and interests of the ordinary tourist. His cohimn on climbing Mount Kilimanja ro, which appeared in November of last year, was an example of travel writing at its best,

Arthur had a particular love for skiing and he reported from skiing resorts all over the world. He was himself a dedicated and skilled enthusiast who for many years had done much to promote winter sports and travel among the British

He had the invaluable gift of combining a lively writing style with clarity and authority. On the busishowed a depth of understanding which was much appreciated by the people he wrote about. His advice was often sought by leading busi-

In all his work for the Financial Times - writer, editor and colleague - Arthur brought a spark of wit and gaiety to a newspaper which is always in danger of becoming too solemn. As a journalist and a man, he In recent years he concentrated won the respect and affection of all

BASE LENDING RATES Allied Dumbar & Co... 111% Hambros Bank 111% Allied Irish Bank 111% Heritable & Gen. Trust 111% American Express Bk. 111% Heritable & Gen. Trust 111% Amoro Bank 111% Hongkong & Shanghai 111% C. Hoare & Co. 111% Hongkong & Shanghai 111% Banco de Bilbao 111% Knowsley & Co. Ltd. 12% Bank Happonim 111% Knowsley & Co. Ltd. 12% Bank Leumi (UK) 111% Edward Manson & Co. 121% Bank of Ireland 111% Meghraj & Sons Ltd. 111% Bank of Cyprus 111% Mount Credit Corp. Ltd. 111% Bank of Scotland 111% Bank of Scotland 111% Bank of Scotland 111% National Bk. of Knowsit 111% Bank of Mid. East 111% National Bk. of Knowsit 111% Bank of Mid. East 111% National Westminster 111% National Westminster 111% Northern Bank Ltd. 111% Denenficial Trust Ltd. 121% National Westminster 111% Northern Bank Ltd. 111% Northern Bank Ltd. 111% Northern Bank Ltd. 111% Canada Permaneor 111% Rocanda Perman Bank Hapoelim 111% Bank Lumi (UK) 111% Bank Lumi (UK) 111% Beward Manson & Co. 121% Bank of Ireland 111% Megharaj & Sons Lad. 111% Bank of Ireland 111% Mount Credit Corp. Lad. 111% Bank of Scotland 111% Mount Credit Corp. Lad. 111% Bank of Scotland 111% Mount Credit Corp. Lad. 111% Banclays Bank 111% Mount Credit Corp. Lad. 111% Banclays Bank 111% National River Grand River Lad. 111% National Giro Bank 111% Barclays Bank 111% Norwich Gen. Trust 111% Norwich Gen. Trust 111% People's Trust 111% Norwich Gen. Trust 111% Canada Permanent 111% Norwich Gen. Trust 111% Norwich Gen. Trust 111% Royal Bank Nederland 111% Norwich Gen. Trust 111% People's Trust 111% Royal Bank of Scotland 111% Canada Permans Bank 111% Committee Bank of Kuswait 113% Compensative Bank 111% United Mizrahi Bank 111% United Mizrahi Bank 111% Trustee Savings Bank 111% United Mizrahi Bank 111% United Mizrahi Bank 111% Committee Bank of Kuswait 113% United Mizrahi Bank 111% Trustee Savings Bank 111% Committee Bank of Kuswait 113% United Mizrahi Bank 111% Committee Bank of Kuswait 113% United Mizrahi Bank 111% United Mizrahi Bank 111% Committee Bank of Kuswait 113% United Mizrahi Bank 111% Committee Bank of Kuswait 113% United Mizrahi Bank 111% Committee Bank of Kuswait 113% United Mizrahi Bank 111% Committee Bank 111%

THE HOKKAIDO TAKUSHOKU BANK LIMITED (Incorporated with limited liability in Japan)

Garrard House, 31-45 Gresham Street, London EC2R 7BD

US\$10,000,000.00

Callable Negotiable Floating Rate Dollar Certificates of Deposit due 17th February 1987

In accordance with the provisions of the Certificates, notice is hereby given that The Hokkaido Takushoku Bank Limited ("The Bank") will prepay the principle amount on the next interest Payment Date, 14th February 1986, together with interest accrued to that

Payment will be made against presentation and surrender of the Certificates at The Bank's London Branch. Agent Bonk

First Chicago Limited

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TRIDENT GOLD **GROSS EQUIVALENT**

GROSS EQUIVALENT

TRIDENT SUPER GOLD.

The rate of interest to be applied will be determined by the opening b
Rates may vary. *Gross controllers assuming tax paid at \$0% base.

Whether you have £250 or £250,000 to invest, Trident Gold could be very good news indeed.

There are three accounts in the scheme. All offering highly competitive interest rates. All offering instant access, without penalty, to the whole of your investment, at any time.

And, with Trident Gold, you choose the interest rate.

There are three, depending on the size of your initial investment.

£250 or more, for example, earns a full 9.25% net; £5,000 or more earns 9.55% net; whilst £10,000 or more qualifies you for no less than 9.80% net—all three paid annually.

(Wealso offermonthly interest



☐ Trident Gold Plus Account (min. investment £5,000) ☐ Triclent Super Gold Account (min. investme Maximum investment \$250,000 per account. I would like my interest paid:
Annually | Monthly (minimum investment \$1,000) Interest to be:
Added to the account | Paid into my/our Brit If you require payment by cheque (annual interest only), or direct to a bank account, please give details in writing. Full Name(s) Mr/Mrs/Miss Post to:-Britannia Building Society, FREEPOST, Newton

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difficult to get a better all-round

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House, Leek, Staffs. STI3 5ND, If enclosing a cheque, you may wish to use first class post to the address below. DON'T INVEST A PENNY UNTIL YOU'VE C BRITANNIA BUILDING SOCIETY, NEWTON HOUSE, LEEK, STAFFS, STUSRG, TEL-0538 985UL ESTABLISHED 1856, A MEMBER OF THE BUILDING SOCIETIES ASSOCIATION. FOR BRANCHES AND AGENTS SEE YOUR LOCAL DIRECTORIES, AUTHORISED FOR INVESTMENTS BY TRUSTEES, ASSETS NOW EXCEED \$3,000 MILLION.

UNITED STATES BANKRUPTCY COURT

FOR THE SOUTHERN DISTRICT OF ALABAMA

MARION CORPORATION Debtor CASE No. 83-00373

NOTICE AND ORDER (I) APPROVING DISCLOSURE STATEMENT AND ANCILLARY MATERIALS, AND (II) SETTING SCHEDULE FOR VOTING AND CONFIRMATION At Mobile, Alabama, in said District on the 5th day of December, 1985 before Honorable Arthur B. Briskman, United States Bankruptcy Judge:

es paintruptcy judge:
The Court hereby ORDERS, FINDS and DECREES, as follows: I. The disclosure-statement dated October 21, 1985 as amended (the "Disclosure-Statement") on the record of the hearing by the proponents of the first Amended Chapter 11 Plan dated September 26, 1985 (the "Plan") contains "adequate information" regarding the Plan in accordance with section 1125(a) of the Rankemeter Code

tember 26, 1985 (the "Plan") contains "adequate information" regarding the Plan in accordance with section 1125(a) of the Bankruptcy Code,

2. The Disclosure Statement, be, and it is hereby, approved pursuant to section 1125(b) of the Bankruptcy Code.

3. All proponents of the Plan are hereby authorised to solicit acceptance of the Plan.

4. On or before December 23, 1985, Marion shall at its expense cause the Disclosure Statement and all documents referred to in this paragraph to be duplicated or printed and Marion shall stransmit by mail to its schedule holders of a claim or interest in classes 3a-K, 4a, 4b, 5, 6, 7, 8, under the Plan and to those entires that have filed proofs of claim or interests (a) copy of the Plan (which Disclosure Statement; (c) a copy of this order; (d) bailots and postage paid return envelopes for accepting or rejecting the Plan; and (e) a copy of the letters in respect of the Plan prepared by Marion and the statutory committees appointed in the Marion chapter II case and the letter prepared by the indenture trustee for the subordinated debentures guaranteed by Marion (the "Indenture Trustee"), provided, however, that letters not pertain to a particular class may, but need not be transmitted to holders of claims or interests in such class. The authors and sponsors of their letters pursuant to Bankruptcy Code section 1125(b) as they shall not be deemed disclosure statements or parts thereof and are authorized pursuant to Bankruptcy Code section 1103(c)(3). The letter prepared by Marion is hereby approved for transmittal to all parties in interest. The interest holders to receive the foregoing materials and who shall be entired to vote on the Plan are those entities that were interest holders of record on December 5, 1985. Brokerage houses and other institutions that receive the foregoing materials and who shall be entired to the cord on December 5, 1985. materials and who shall be entitled to vote on the Plan are those entities that were interest holders of record on December 5, 1985. Brokerage houses and other institutions that receive the foregoing materials because they hold Marion shares for their customers shall transmit such materials forthwith to the beneficial owners of the

5. Acceptances or rejections of the Plan must be in writing and to be counted must be received by Marion on or before 5.00 p.m. Central Time on January 25, 1986 at One Marion Avenue, Daphne.

Alabama 36526.

6. Any and all objections to confirmation of the Plan must be in writing and must be filed with the Bankruptcy Court on or before january 14, 1986, together with proof of service on: ATTORNEYS FOR MARION

McDermott, Slepian, Windom & Reed 211 North Conception Screet Mobile, Alabama 36602 (Attn: Ronald P. Sleplan, Esq)

ority:

· · · day

Rochelie, King & Balzersen 1600 First City Center Dallas, Texas 75201 (Attn: Michael R. Rochelle, Esq) ATTORNEYS FOR BANK CREDITORS

Cabaniss, Johnston, Gardner Dumas & O'Neal 2210 First National Bank Bldg Mobile, Alabama 36602 (Attn: Donald J. Stewart, Esq.)

Weil, Gotshal & Manges 767 Fifth Avenue New York, New York 10153 (Attn: Martin J. Bienenstock, ATTORNEYS FOR THE CREDITORS' COMMITTEE

Sheinfeid, Maley & Kay 3700 First City Tower Houston, Texas 77002 (Attn: Joel P. Kay, Esq) ATTORNEY FOR GUARANTYHOLDERS' COMMITTEE John C. Loring, Esq. Chicago, Illinois 60613

Silver & Voit 4317-A Midmost Drive Mobile, Alabama 36609 (Attn: Irving Silver, Esq) ATTORNEYS FOR THE Smith, Gambrell & Russell 2400 First Atlanta Tower Atlanta, Georgia 30383 (Attn: Joël B. Piassick, Esq.) Confirmation of the Plan may discharge all claims against Marion

as of confirmation date
7. To the extent, if any, that ballots in respect of the Plan are

7. To the extent, if any, that ballots in respect of the Plan are sent to the statutory committees serving in the Marion chapter II case, the indenture Trustee, or any other person or entity, each of them is hereby directed to transmit to Marion each ballot received within five business days of its receipt.

8. The hearing to consider confirmation of the Plan will be held on January 27, 1986 at 9.30 a.m. in Room 229 of the United States Courthouse. 113 St Joseph Street, Mobile, Alabama, Said hearing may be adjourned from time to time without further notice other than an oral announcement of the adjourned date or dates at the hearing or an adjourned hearing.

Mobile, Alabama Dated December 5, 1985 Arthur B. Briskman UNITED STATES BANKRUPTCY JUDGE

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF ALABAMA CASE No. 83-00373 (ABB) NOTICE OF VOTING PROCEDURE ON PLAN OF REORGANIZATION In Re:

TO HOLDERS OF MARION INTERNATIONAL FINANCE N.V. 9% GUARANTEED SUBORDINATED DEBENTURES DUE 1995:

9% GUARANTEED SUBORDINATED DEBENTURES DUE 1995:
PLEASE TAKE NOTICE that Marion Corporation has received Court approval of a Disclosure Statement relating to its "Plan of Reorganization."

A ballot and a copy of the Disclosure Statement have been sent to all known holders of Eurobonds. A ballot and a copy of the Disclosure Statement may be obtained from:

J. Henry Schroder Bank & Trust Company
Attn: George R. Sievers, Senior Vice President
One State Street
New York, New York 10015
U.S.A.

New York, New York 10015
U.S.A.
Telephone: (212) 269-6500
in addition, holders of Eurobonds whose securities are in the custody of Euroclear Operations Center P.L.C. ("Euroclear") or Cedel S.A. ("Cedel") may arrange to obtain a ballot and Disclosure Statement and cast ballots through Euroclear or Cedel at the following addresses:

Eurocleur Operations Center PA.C. c/o Morgan Guaranty Trust 35 Avenue des Arts B-1040 Brussels BELGIUM

Cedel S.A. 67 Bd. Gr. D Charlotte P.O. Box 1006 LUXEMBOURG -

All Eurobond holders who wish to vote on the Plan must deposit their Eurobonds either with J. Henry Schroder Bank & Trust Company, Eurodezer, Cedel or any bank or trust company which is a member of the New York Clearing House Association, or a correspondent of such member, along with their ballots. Each bank or depository must review the ballots it receives and certify to Marion Corporation on the ballot that the amount of Eurobonds delivered to it is correctly stated on each ballot. The completed ballot must then be returned to and received by J. Henry Schroder Bank & Trust Company no later than 5.00 p.m., Eastern Standard time, January 24, 1986. Eurobonds delivered in connection with voting on the Plan must be held by the Bank or depository until 6.00 p.m., Eastern Standard time, January 25, 1986.

MARION CORPORATION

MARION CORPORATION

NUTICE OF REDEMPTION Armco Overseas Finance N.V.

U.S. \$50,000,000 15%% Guaranteed Notes Due December 1, 1986

Notice is hereby given that Armoo Overseas Finance N.V. has elected to redeem all of its outstanding 154% Guaranteed Notes Due December 1, 1986 (the "Notes") on January 31, 1986, (the "Redemption Date") at the redemption price of 100% of their principal amount 1986, (the "Redemption Date") at the redemption price of 100% of their principal amount 1986, (the "Redemption Date") in the amount of US\$1,025.63 per US \$1,000 Boad (the 1986) and 1986.

All Notes, together with all coupons appertaining thereto maturing on December 1, 1986, are all Notes, together with all coupons appertaining thereto maturing on December 1. 1986, are to be autrendered for payment of the Redemption Price at the Corporate Trust Office of to be autrendered for payment of the Redemption. The City of New York, or at the main Bankers Trust Company in Decodon. 2: Bankers Trust Company in Paris, 3) offices of 1) Bankers Trust Company in Paris, 3) offices of 1) Bankers Trust Company in Paris, 3) Bankers Trust GmbH in Frankfurt am Main, 4) Bankers Trust Company in Luxembourg. Benelux S.A. in Brussels and 6) Banque International A Luxembourg.

Armee Overseas Finance N.V. By: Bankers Trust Company as Fiscal Ageal.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

London International Boat Show (0932 54511) (until January 12) (01-226 6533)
January 12-16
International Light Show (05884
Olympia January 13-16 Amusement Trades Exhibition (01-228 4107)
January 14-17 Which Computer? Show (01-881 5051) NEC, Birmingham January 16-19 Ideal Home Exhibition (0202

STATINDEX (01-385 1200) Earls Court Hirex Exhibition (01-688 7788) Holiday and Travel Fair (021780 4171) NEC, Siemingham
Jamury 11-16
Harrogate International Toy Fair
(01-226 6653) Harrogate
Fauntary 12-16

Fauntary 12-16

Tannary 12-16 January 29-February 5
International Hotel & Catering Exhibition—HOTELYMPIA (01-705 6707) January 30-February 2
Practical Woodworking Exhibi-tion (01-543 8040)
Wembley Conference Centre February 2-6 International Spring Fair—Gift Section (01-855 9201) Brighten Stationery Industry Exhibition

OVERSEAS TRADE FAIRS

International Hotel and Catering
Industries Trade Fair —
HORECAVA (01-437 2175)
(until January 9) Amsterdam Computers, Communications and Business Equipment Exhibition
— INFO / SOUTHWEST (01-891
5051)
Dallas

January 3.14 Conference International Lighting Show (01-Partial Partial Parti

Tourism Exhibition -- CMT (01-236 0911) Stuttgart Jamany 14-13 Furniture Show (01-930 7251) Cologne January 15-18 Asian Aerospace Exhibition (01-Sel 5051) Singapore
January 22-28
International Pollution Monitoring and Control Exhibition and
Conference—ENVIROTECH (Ol-439 3964) Paris January 24.27
January 11-19 Duty Free Exhibition (01-642
International Caravan, Motor and 7688) Dubai

BUSINESS AND MANAGEMENT CONFERENCES

January 7-8
Unicom Seminars: Fundamentals of 3D graphics (01-940 7716)
Forum Hotel, SW7
January 13-14
Institute of Personnel Management (01-946 9100)
Reusington Close Hotel, W8
January 13-14
FT Conferences: Aerospace in Asia and the Pacific Basin (01-621
1355)
January 13
January 25-27
Confederation of British Industry: Pakistan—Trade investment and investment opportunities for the UK (01-379 7460)
Karachi
January 27-29
FT Conferences: City Seminar (01-621 1355)
Shinary 28-30
Communications: Advancing in management (01-242 4111)
Tower Hotel, E1
January 13
The Industrial Society: Industry year 1986—ideas for industry

Frankery 13

Brunel Institute: How effective is your training function? (0895)

56461)

The Industrial Society: Industry year 1986—ideas for industry year and how to make them happen. . . . (01-262 2401) Brunei University, Uxbridge January 30-31 Euromoney Conferences: Securitisation (01-236 3288)

Botel Inter-Continental, WI February 3-7

Brunel Institute: Techniques of January 14-15

Crown Eagle Communications; Effective project management (01-242 4111) Tower Hotel, El (01-242 4111)

January 16

Oyez/IBC: Bankers' security and the new insolvency act (01-236 4080)

Hoyal Languager Hotel, W2

Recenario pinning

Brunel University, Uxbridge

February 4.5

Crown Eagle Communications:

Crown Eagle Communications:

342 4111)

Tower Hotel, E1

of emerging technologies on your firm (01-935 3190) Hyatt Carlton Tower, W1 January 21-22
FT Conferences: Regulating the Risk Research Group: The Lon-Financial Services Industry (01-don insurance market and its future (01-236 2175) 621 1355) Hotel Inter-Continental, W1

Brunel University, Uxbridge

January 22
Brunel Institute: How effective is your personnel department? (0895 56461)

February 18
Longman Seminars: National insurance contributions—problems and planning (01-242 4111) lems and planning (01-242 4111)

Barbleau Centre, EC2

Anyone wishing to attend any of the above events is advised to

Financial Times Conferences

THE SECOND FT-CITY SEMINAR

London—January 27, 28 and 29, 1986

Following the highly successful three-day intensive version of the FT City Course held in London last January, the Financial Times is pleased to announce that this FT City Seminar is to be held again from January 27 to 29 at the Skinners' Hall in the City of London. Describing how business is done in London and commenting upon the changes stemming from the financial services revolution will be Dr Michael von Clemm of Credit Suisse First Boston, Mr Wim Bischoff of Schroders, Mr Pen Kent of the Bank of England, Mr Christopher Johnson of Lloyds Bank and Mr David Malcolm of Royal Insurance who are among a most interesting panel of contributors. The chair is to be taken again by Mr Marc Lee, the FT Conference Advisor, and the proceedings will cover a very wide range of City activities. The Seminar allows ample time for questions, discussion and contact-making.

THE LONDON MOTOR CONFERENCE

—The Outlook for the Aftermarket London—February 17, 1986

Financial Times motor industry conferences have developed strongly in recent years and last September's World Motor conference in Frankfurt was particularly well received. Sessions devoted to the after-market at that and earlier FT motor conferences attracted much interest and the FT is pleased to announce this major one-day meeting to be held in London at the time of the Autopartac '86 Exhibition.

This year's agenda will concentrate on developments in the after-market and speakers will assess medium and longer term trends as well as what is happening now in a significant, but previously often under-rated, sector of the motor industry. Mr John Wormald of Booz. Allen & Hamilton will thair the meeting and Mr Roy Rogers of General Motors Service Parts Operations—United Kingdom will deliver the keynote address. Other speakers include: Mr Y. C. Kim of the Panther Car Company; Mr Tom Farmer of Kwik-Fit Holdings and Mr John W. Hartland of Forward Trust Group.

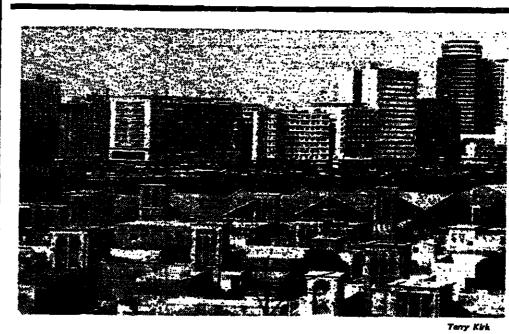
All enquiries should be addressed to:

The Financial Times Conference Organisation Minster House, Arthur Street London EC4R 9AX

Tel: 01-621 1355 (24-hour answering service) Telex: 27347 FTCONF G

Cables: FINCONF LONDON

CONSTRUCTION CONTRACTS



The high-rise commercial blocks on the Doira bank of The Crock contrast with the old windtowers of the Bastakia district of Duhai in the foreground. The Ruler's office is on the extreme left. The village was first settled about 80 years ago by the Pharsees, mostly Sunnis, from southern Iran, More arrived in the 1930s when the Reza Shah's legislation abotished the well. The windtowers are the oldest and chospest form of air-conditioning known

Diwan to be built in Dubai

The Government of Dubai has signed a Dits 120m (£22.8m) contract for the construction of the new Diwan with BEL HASA. Ashram Contracting Company; All Mulla Construction Company. Six Construct, submitted the lowest bid out of nine tenders. Other companies competing in the tender were lasing Emirates; Al Habboor Engineering Enterprises; Dutco Baffour Beatity: Taylor Wood-

Al Naboodah Contracting Com- which is a major building close

Attention has been given to the scale of the new Diwan, ING CO, of Dubai. Bel Hasa, in joint venture with Belgian company Six Constructs submitted the lowest bid out of him tenders. Other companies competing in the tender were Laing Emirates; Al Habtour Engineering Enterprises; Dutco Basican Beatty; Taylor Woodto historic surroundings as well

Elida Gibbs extension

BALFOUR BEATTY has been awarded a contract in Leeds for divinage. The major element alterations and extension to production and technical facilities for Elida Gibbs, part of the new production building which is of structural steel and institute reinforced concrete contracts. The major element is the new production building which is of structural steel and extension and extensions and ferrible metal decking. The lition, extension and alterations to the production, marshalling and bulk storage areas, a new technical office block, a new featured brickwork and curtain baloratory block, alterations to existing canteen and office facili-

Liverpool hospital

Substance of the Institute of the Instit

Hilton Botel W1

SIR ROBERT McALPINE & frame construction, will provide SONS has been awarded a confacilities for the elderly and tract worth over 13.5m by the mentally lik. The contract is Western Regional Health due for completion in January Authority to extend facilities 1988.

at Querns Hospital, Cirencester. The contract covers construction of two additional blocks with a

total floor area of 4.250 sq m, and a botler house. The larger block is a two-storey bullding of reinforced concrete frame con-struction to first-floor level with

£12m batch for Longley

JAMES LONGLEY & CO has JAMES LONGLEY & CO has won contracts worth £12.5m for projects in Berkshire, Buckingshire and Hampshire. Work in Maidenhead includes a £5.3m construction of four high technology blocks totalling 120,000 sq ft for the Water Austrity Superannuation Fund, and a £1.6m fitting-out of offices and warehouse to provide a new UK headquarters for Northern Telecom Communication Systems Communication Systems

For Milwards Shoes in Reading, Longley is building a £2.9m headquarters complex, which in-cludes offices, warehouses and residential units together with refurbishment of listed proper-ties. A £1.9m redevelopment of a 200 year old country house is underway in Marlow for the Merchant Navy Ratings Pension

CRENDON **Hi-Spec Structures** for Hi-Tech Industries CRENDON STRUCTURES LIMITED Long Crendon, Aylesbury, Sucks, NP16 988 Tel: Long Crendon (0844) 208481 Teles: 83249

Development planned at Glaxo

TAYLOR WOODROW MANAGE-TAYLOR WOODROW MANAGE-MENT CONTRACTING has been awarded a contract to manage the £45m development of the 23 arrs Greenford office complex jointly occupied by Glaxo Phar-maceuticals and Glaxo Group Research. Glaxo is this year celebrating its 50th anniversary on this site, and several of the celebrating its 50th anniversary on this site, and several of the buildings date back to 1935.

TWMC's project entails the demolition of 18 buildings—with a gross floor area of 260,000 sr.ft—the construction of six replacement buildings—with a gross floor area of 180,000 sq.ft—and the refurbishment of most of the remaining buildings, both internally and externally.

Many more parking spaces will be provided for the 2,200 staff both by rearranging the surface parking and the construction of a three-storey car park. The

a three-storey car park. The business operations of Glazo will continue throughout the duration on the project. A major part of the work covers the installa-tion of complex environmental services to maintain strict con-trols on the atmosphere and temperature.

Work commences in April for completion of the entire project in 1990.

Contracts worth more than £3.5m have been awarded to TARMAC CONSTRUCTION. The largest at nearly £1.6m, is for building an office block and site works at Telford Business Park. Shropshire, for Telford Development Corporation. What has created shire, for Telford Development Corporation. Work has started and is scheduled for completion in a year. Other contracts include improvements to 130 homes at Birkenhead for Wirral Borough Council (£1m); six advance factories at Glenrothes, Fife, for Glenrothes Development Corporation (£360,000); a management fee contract for an observation platform, lift and refurbishment at Halton Chemical Museum, Widness, for Halton Borough Council (£300,000); infrastructure for a new factory infrastructure for a new factory developmentat Newhouse Farm, Chepstow, Gwent, for Tarmac Properties (£297,000); and structural work at London Wall carpark, for the Corporation of London (£207,000).

ties. A filem redevelopment of a 200 year old country house is underway in Marlow for the Merchant Navy Ratings Pension Fund Trustees.

Under a design and build contract, a two-storey high tech industrial scheme for Ebury Developments has begun at Hook, Hampshire, on a fast track programme of 32 weeks.

BOVIS has been awarded additional work to fit out the new Lloyd's of London building. Some of this work has begun and the remainder, together with completion of main works, will be carried out during the early part of 1986. This will allow Lloyd's to begin underwriting in the new building in April 1986 as originally scheduled.

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America More than two hundred years old and still waiting for many people in claim their share of it. For themselves and for the future of their families. Imagine one of the most beautiful landscapes in the world and what it could mean to have part of it for your own.

hat more perfect way to stake your claim than by purchasing five glorious acres in the Colorado Rockies for yourself and those you love. At Sangre de Cristo Ranches you can still own a sizable piece of America at a very modest cost and on easy credit terms. This is scenic land in one of the fastest-growing states in the USA, a piece of the unspoiled, romantic old Southwest.

Sangre de Cristo Ranches is a subsidiary of Forbes Inc., publishers of the highly respected American business and financial publication, FORBES MAGAZINE. The land being offered for sale to you is a part of the huge 258,000-acre Forbes Trinchera Ranch, one of the oldest of the remaining big ranches in America. A sportsmen's paradise in all seasons for hunting, fishing, riding, hiking and boating. With fine skiing less than 50 miles away, the ranch ranks among the world's best-known preserves for deer, elk, game birds and other wildlife.

You can own majestic mountain views of Trinchera Peak and Mount Blanca (higher than Pikes Peak) which stand as silent sentinels protecting the rolling foothills and

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privileges backed by FORBES MAGAZINE'S distinguished reputation have contributed much to the great success of this unusual land offering.

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ENGLAND	

PRESIDENT STEYN GOLD MINING COMPANY LIMITED
(Incorporated in the Republic of South Africa)
Registration No. 03:222:10:05
NOTICE OF GENERAL MEETING
NOTICE OF GENERAL MEETING
Iven that a general meeting of the members of President Stave G

Registered office; 44 Main Street, Johannesburg 2001 January 6, 1986.

Company Notices

FREE STATE GEDULD MINES LIMITED

P.S.A. PEUGEOT-CITROEN French Francs 175,000,000

REPUBLIC OF ITALY

REPUBLIC OF ITALY

ECU 300,000,000 PLOATING
RATE NOTES DUE 1992
In schools of the terms and conditionable with the terms and conditionable with the terms and the terms of the

ANGLO AMERICAN CORPORATION OF SOUTH APRICA LIMITED

PRESIDENT BRAND GOLD MINING COMPANY LIMITED

(Incorporated in the Republic of South Africa)

(Incorporated in the Republic of South Africa)

(Incorporated in the Republic of South Africa)

NOTICE OF GENERAL MEETING

on that a peceral meeting of the members of President Brand Gold Mining Company Limited
be held at 44 Main Street, Johannesburs, on Tuesday, January 28 1986, at 10800 for
the conclusion of the meeting of members aummoned for OSh30 on the storagetic date and at
in terms of an Order of the Supreme of the purpose of considering and, if deemed fit, or
resolutions and resolutions Nos. 2 and 4 as ordinary resolutions:

WELKOM GOLD MINING COMPANY LIMITED

(Incorporated in the Republic of South Africa)

(Repostration No. 03°24464.06)

(Repostration No. 03°2464.06)

NOTICE IS HEREBY GIVEN that a george General Meeting Company
company) will be held at 44 Main Street, Johannestong, on Town of Welkom Cold Mining Company
of considering and it decemed 4t. of casting, with or writhout medication, the following resolutions
Nos. 1, 4 and 5 will be proposed as special resolutions Nos. 1 and 5 will be proposed as special resolutions Nos. 1.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

EAST RAND PROPRIETARY MINES, LIMITED

Registration No. 01/00773/06

RIGHTS OFFER

The directors of East Rand Proprietary Mines, Limited announce that the company intends to raise R47.1 million by way of a rights offer of shares of R1 each in the ratio of one new share for every one share siready held at the close of business on 10 January 1988 ("the record date") at a subscription price of R8.50 per share. The rights offer will be underwritten by Rand Mines Limited and Barclays National Merchant Bank Limited.

A circular to members giving full information in relation to the rights offer will be posted on 17 January 1985 to members registered at the close of business on Friday, 10 January 1985. Copies of the circular to members will be available for inspection by members and holders of share warrants to bearer at the company registered office and at the offices of the compeny's United Kingdom secretaries and Paris correspondents from Friday, 10 January 1985. Members are advised to exercise caution in dealing with Johannesburg

BARCLAYS INTERNATIONAL

(Incorporated in the Republic of South Airles) (Registered Bank) Reg. No. 67/00873/06

The numbers of such drawn bonds
The numbers of such drawn bonds
are as follows:
22,496 to 31,737
Amount outstanding after FebThe number of the first of the fir

THE MINISTRY OF EDUCATION IN THE YEMEN ARAB REPUBLIC

Contracts & Tenders

INVITES OFFERS FOR:

Printing and reprinting school text books, production of different multicoloured teaching posters, supply of equipment and chemicals for laboratories as well as teaching materials, supply of white and coloured chalks and school furniture sets for primary, preparatory and secondary schools. (Quotations for parts of any of the tenders are not allowed.)

the offers can be obtained at:

against a fee of US\$100 for each document of the above seven tenders

1986 at 9.00 am Sana'a local time

PRESIDENT BRAND GOLD MINING COMPANY LIMITED
(Incorporated in the Resultic of South Africa)
NOTICE: CF SCHEME MEETING
IN THE SUPREME COURT OF SOUTH AFRICA
(Withwesterward Local Division)

WESTERN HOLDINGS LIMITED
necreporated in the Republic of South Africa
NOTICE OF SCHEME MEETING

WEBBER, WENTZEL & CO.

FREE STATE GEDULD MINES LIMITED (Incorporated in the Republic of South Africa) NOTICE OF SCHEME MEETING

IN THE SUPREME COURT OF SOUTH AFRICA (Witwatersrand Local Division)

Notice is given in terms of an Order of Court dated 31 December 1985. In the above matter that the Supreme Court of Seath Africa (Wilwaterstand Local Division) has ordered a meeting of the members of the above Applicant, fREE STAYE GEDULD MINES LIMITED, to the above Applicant, fREE STAYE GEDULD MINES LIMITED, to the acid on Tuesday 28 January 1985, at 08830 at 48 Main Street, johannesburg, under the Chairmanship of KENNETH CYRIL SIMON (or failing him any other partner of the firm WEBSER, WENTELL, & CO. nominated by that Bram for the perposes for the purpose of considering and, if decemed fit, of approximative without production, a Scheme of Arrangement between the company and reference of the firm WEBSER, WENTELL, & CO. nominated by that Perm for the perposes for the purpose of considering and, if decemed fit, of approximative without production of the said Scheme of Arrangement provides the company and control of the said Scheme which has the effect of diminishing the rights to recrue to the member, of the Applicant, Service of the Scheme of Arrangement and an Evaluatory Statement in terms of Section 21 of the Companies Acr. No. 51 of 1973, as amended, explaining to obtained on request from the company at its registered as for the scheme of Arrangement and an Evaluatory Statement in terms obtained on request from the company at its registered of the Companies of the Scheme of Arrangement and an Evaluatory Statement in terms obtained on request from the company at its registered office, 44 tolin Tyreet, johannesburg, 2001, or its London secretaries, first Samuel Registrars Limited, 1st Floor, floor, during the company at its registered office, 44 tolin Tyreet, johannesburg, 2001, or its London secretaries, had company at its registered office, 44 tolin Tyreet, johannesburg, 2001, or its London secretaries, had company at its registered office, 44 tolin Tyreet, johannesburg, 2001, or its London secretaries, had company at the meeting must company or the property of the company's trainer's secretaries, for the pr

PRESIDENT STEYN GOLD MINING COMPANY LIMITED
(Incorporated in the Republic of South Africa)
NOTICE OF SCHEME MEETING

IN THE SUPREME COURT OF SOUTH AFRICA (Witwesterwand Local Division) In the matter of the application of:
PRESIDENT STEYN GOLD MINING COMPANY LIMITED

In the matter of the application of:

PRESIDENT STEYN GOLD MINING COMPANY LIMITED

Registration No. 05/28210/06

Notice is given in terms of an Order of Court of South Africa (Wilesbarrand Local Division) has ordered a meeting of the members of the above Applicant of the firm Wilesbarr of firm of the firm wilesbarr of Arrangement will be submitted to seek modification of the firm wilesbarr of the Applicant of the firm will be entitled to agree to any to accuse to the members of the Applicant of the firm of the firm

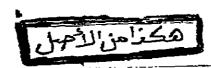
SAVE & PROSPER FINANCIAL SECURITIES FUND Course 128 falls due for navment on 15th January, 1986 at a rate of 0.85e or Financial Securities Fund Unit. College of the far of 0.85e or Financial Securities Fund Unit. College of the far of the

Clubs

Particulars for the tenders as well as documents for

The Yemen Embassy, 41 South Street, London W1

Closing date for the tender will be the 1st February



TECHNOLOGY

Isotope enrichment on the boil

PLANS FOR a new and highly adaptable source of commercial isotopes for industry and medicine are being hatched by a US Government laboratory in California. It believes it can turn a world lead in the laser enrichment of uranium and

Laboratory, takes the view that certain isotopes of mercury. isotope by his process will be easy compared with enriching uranium and plutonium. He is confident that the tunable laser systems with which he consider that the consideration of the consideration o enrichment of almost any other

DECORATING ENTHUSIASTS

may be able to design their own wallpapers using a computer screen at their local do-it-your-

The idea encompasses a varient on ink-jet printing, in

comes to fruition.

David Fishlock reports on laser separation techniques using uranium vapour

turn a world lead in the laser enrichment of uranium and plutonium to advantage for other isotopes in short supply.

Dr Jim Davis, who leads the laser enrichment programme at Lawrence Livermore National Laboratory in Tenescent lamp. According to nessee.

Oak Ridge uses a large company GTE Lighting, its lamps could be appreciably known as the calutron to make a range of stable isotopes. But the process is painfully slow, and the price is high

confident that the tunable laser systems with which he separates isotopes of these two metals can be retuned to new wavelengths, once the uranium demonstrations moves into the commercial phase.

High on his target list is mercury, the vapour of which medical test on bone tissue, but currently in very short supply.

A tunable technique for isotope enrichment could find many commercial outlets, and could offer a healthy competition to the main Western source of stable—non-radio-active—isotopes today, namely the US Government's Oak Ridge as targets for his own cyclo-

and the price is high

Mercury can be made in this way, starting with gold. The process stands alchemy — the quest to turn base metals into gold — on its head, and the

trons, for making radio-isotopes for medical diagnostics, The tunable technology Law-

rence Livermore developed was chosen earlier this year as the next commercial process to be used by the US Government for enriching pranium for nuclear fuel. A rigorous comparison under development as the alter-native technology had shown clearly that the laser process held greater economic promise. Lawrence Livermore scien-

tists have developed their tech-nology since 1972, from ideas originally explored in Israel and in the Avco-Everett laboratories in the US.

Isotopes are atoms of the same atomic number and therefore the same chemical proper-ties, but of different mass (atomic weight). Uranium, for (atomic Weight). Uranium, for example, is a mixture of three isotopes; mercury a mixture of seven. They can be separated with difficulty by amplifying their slight differences in physical properties.

The later process favoured at present is called Avlis—Atomic Vapour Laser Isotope Separation. The first step is to boil

tion. The first step is to boil the natural elements to provide a vapour on which the laser beams can go to work.

Avlis exposes this vapour of mixed isotopes to beams of coherent or "ordered" light, tuned to a highly specific wavelength (where ordinary light consists of many wavelengths). When the laser is tuned to the wavelength which excites a particular isotope, and the mixture is illuminated with its beam, the designated isotope is energised in a way that can dis-tinguish it readily from the rest

In enriching uranium the aim is to ionise the uranium-235 isotope, which represents only about 0.7 per cent of the atoms

The 300-tonne separator used to demonstrate large-scale curichment of uranium-235. Pictures

in natural uranium metal. The ionised atoms can then be drawn from the bulk of the vapour by electrically charged plates, and condensed as enriched uranium.

cal system comprising about shift quickly into the commercipal condensed and delivered to the dye plates, and condensed as enriched uranium.

cal system comprising about shift quickly into the commercial sector, to meet the demand for enriched nuclear fuel.

Britain's Atomic Weapons Research Establishment is showing

Lawrence Livermore's Avlis

The laser demonstration
process uses dye lasers pumped facility is the precursor of a commercial uranium enrichment operation expected to cost four wavelengths. The electrical efficiency of the lasers is at one of the present US high but they have other drawbacks which the scientists have reduced by clever optical engineering.

The result is a universal process for isotope separation, capable of being tuned to most elements and their isotopes. The existing laser system can in theory separate the isotopes of 48 elements.

By changing the orange-red dye laser light to its second, third or fourth harmonic, the

The result is a complex opti-

In fact, it requires irradiation of the vapour by four different wavelengths of visible built by Dr Jim Davis delivers laser light, to raise an atom more than 300w of laser power for enrichment. But his target is 1.5 km by the and of race

Cambridge Consultants decided to enter the venture capital business, says Dr Paul

Britain's Atomic Weapons Re-search Establishment is showing interest in using Avlis to free plutonium 238 from other iso-topes which interfere with its efficiency as a nuclear explosive

is 1.5 kw by the end of next more scientists. Avlis is a year, and 10 kw by 1988. universal process for isotope The laser demonstration separation, capable of being separation, capable of being the separation. According to Lawrence Liver

process, by 1987.

If he is successful, the be tackled, they say.

up in 1981 to develop novel ideas on the basis of technolo-gies licensed from other com-

Many of the ideas that Prelude will take up should emanate from within Cambridge Consultants itself. Dr Auton says. He hopes his staff will come up with three ideas a year that Prelude will consider.

If they are worth investing in then the employee will leave Cambridge Consultants to pursue a new career.

He said: "A certain amount Bishops Stortford, Herts, which makes laser interferometry devices which measure distances highly accurately.

The final investment, of Energy of Cambridge Consultants set do it."

Introduce technical ideas into the said: "A certain amount manufacturing industry. The of staff turnover is good for our business. If one of our employees is an entrepreneur and wants to start a new combridge Enterprises, a subsidiary pany, then we will help him to



Electrical tester from Ferranti

FERRANTI is selling novel testing hardware to check on the electrical systems of cars. Austin Rover is installing the equipment, worth more than £500,000, on a produc-tion line at its Cowley fac-

vehicles on the production track are provided with a bar code which details the type of electrical equipment fitted, lighting systems and ignition control for instance.

control for instance.

A bar code reader by the side of the production line obtains this information, which triggers a specific repertoire of electrical tests controlled by a microcomputer.

Results from the checks are fed back to the computer. An operator can monitor the results using a keyboard and display screen. General Automation, Siemens and Autosense competed with Ferranti for the contract with Austin Rover.

Design package for PC-AT

IN COMMON with many other companies in the com-puter aided design business. Computervision, one of the market leaders, has produced an electronic design hardware/software package based on the IBM PC-AT personal

computer.

Known as the Personal Engineer, the system includes a model AT machine with \$12,000 bytes of memory, a 20 megabyte hard disk store, floppy disk and Computer-vision's own graphics con-troller and colour display.

The system allows elec-fronics engineers to undertake logic design and to originate, edit and plot symbols and schematics. With a hardware addition called Simbeard, circuit simulations can

be carried out.

Personal Engineer is fully compatible with Computervision's other systems, using appropriate interfaces the company will supply.

More on 0256 58133.



'Designer' wallpaper by computer

self stores, if an idea backed by Prelude Technology, a venture capital company in Cambridge,

which ink is squirted at high pressure under electronic control at paper. The technique has become established in recent years in high-speed printers used in offices. In a wallpaper factory, a manufacturer could turn out large quantities of coated paper In another possibility, to the same specification. Technicians would switch on the large ink-jet machines ink-jet machine at the end of a few buttons, bouseholders

Prelude, set up nearly a year ago by Cambridge Consultants, a contract-research company in Cambridge, and a group of pension funds, is examining the possibility of mounting several hundred ink jets over a large ink-jet machine at the end of a long production run.

Under computer control, the hardware would produce a series of different patterns for specific quantities of paper.

In this way, the manufacturer

could reduce stocks. The com-The jets could be many impregnate patterns on large virtually to wholesalers usually areas of fabric, such as tiles and rather than having huge amounts of wallpapers of matterns sitting in

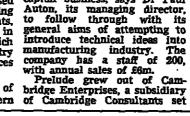
could decide on the patterns they want, instructing the equipment to print the design of their choice on the blank

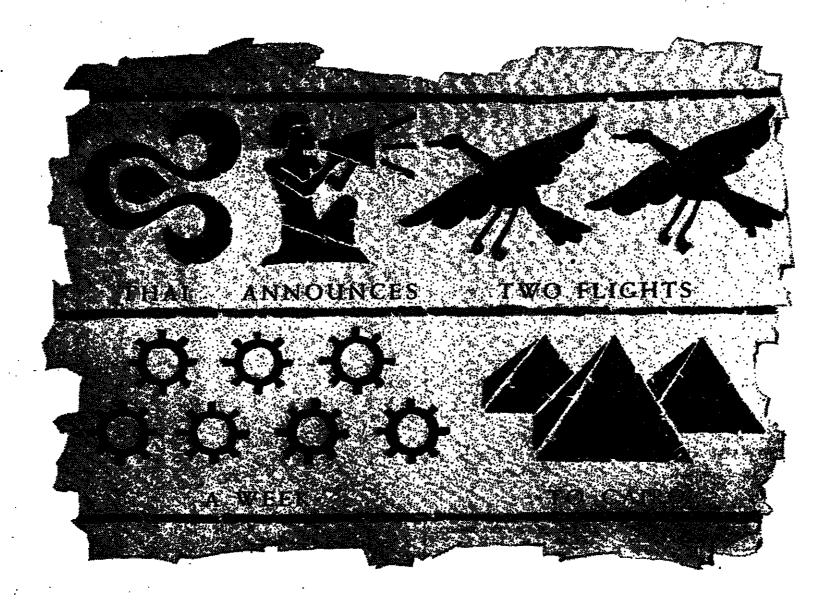
array" ink-jet machines has been proposed by staff at Cambridge Consultants. Prelude is the pension funds of British backing the development with an initial investment of £50,000. Equivalent capital for Industry, a products. Prelude is keeping the details secret because it thinks the concern has a lead on competitors.

Eventually, says Dr Bob Hook, Prelude's managing into Qudos, a Cambridge ven-director, investment of up to ture set up to design specialised £1.5m might be required. Some microchips. It is investing of this could come from indus-trial partners which want a stake in the new venture.

This development is one of devices which meas four technical ideas that Prehighly accurately. lude is backing. The partners in Prelude, which has a venture-

Prelude has injected £250,000 microchips. It is investing £360,000 in Linear Instruments, a small company based in Bishops Stortford, Herts, which makes laser interferometry





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THE MANAGEMENT PAGE

LORD LEVERHULME, one of the ancestors of the Unilever empire, was a great advocate and practitioner of advertising. Yet he is credited with the legendary statement that half of the money he spent on it was

wasted—he just didn't know which half.
Few takeover advocates, and even fewer of this winter's mega-bid practitioners, would be rash enough to admit that a similar maxim applies to mergers and aquisitions. Yet mergers and aquistions.

nearly 20 years of intense whether a particular pin the research on both sides of the particular price) is likely to produce the promised pay-off.

the late 1960s, when

careful choice, planning and execution (both during and after the takeover), but the better. But, at least for certain fact remains that, according to a wide variety of yardstick, only half the consumment discredited. after the takeover), but the better. But, at least for certain fact remains that, according to a wide variety of yardsticks, been heavily qualified, if not only half the consummated discredited.

Given all the difficult methodological problems incould be described as in any volved—the least of which is way successful. One can be way successful. One can be the dennihon or success—at wise after the event, of course, is remarkable that there is any but by then the damage has measure of agreement about the been done. In the words of Professor Julian Franks of the alone about the whys and London Business School, despite wherefores. The subject has London Business School, despite all the research, "it is remarkably difficult to predict whether a merger will be a good one

Significantly for the spate of ferocious distrust of each billion-pound and dollar bids other's methods, that have been launched in The degree of consensus London and New York during the past few weeks, the 50-50 guidelines seems to apply to takeovers made during sample periods as short as two years, as well as to the much larger numbers which occur over more statistically respectable periods

of eight or 10 years.
So—assuming that they first
win control of (respectively)
Union Carbide, Texas Oil and Gas, Imperial Group and Plessev — Samuel Heyman (of GAF), David Roderick (of US Steel), Lord Hanson (of Han-son Trust), and Lord Weinstock (of GEC) should stand pre-pared. So should Jack Welch of GE and Sir Terence Conran of Habitat-Mothercare in their gerial. The first two have pro-agreed mergers with RCA and duced the most negative find-

British Home Stores. Even allowing for the proven financial research plumbs prowess which most of these straight along the 50-50 line. hardened predators have shown The managerial studies have in digesting past takeovers, there is a fair chance that some of their communal cull will

Measuring success

Takeovers: at best an each way bet

BY CHRISTOPHER LORENZ

sensus view among academics that, on average, takeovers are at best an each-way bet.

Since the late 1960s, when conglomerates began to fall into disrepute. It has been thought at best an each-way bet.

Each predator can shorten his own particular odds through tim's business with that of the

research should also weigh

the definition of "success"-it been researched at length by hordes of academics from a wide range of disciplines whose only common characteristic is a

The degree of consensus between them does not extend far beyond the 50-50 guideline. The majority agree that the victim's shareholders usually benefit far more from takeover than do the acquiror's, but on almost all other counts the studies are out of line. Time and time again, their proponents' claims to conclusiveness run up against whether the myriad of necessary adjustments and interpretations have been made correctly. Acquisition analysis is very much more of an art than a science.

There are four basic "schools" of studies: accounting, economic, financial and manabritish Home Stores. ings, while much of the Even allowing for the proven financial research plumbs gate findings than with detecting the types of takeover most likely to succeed or fail



"I thought you said buying Amalgamated would be good for our share price"

academics in the field, say that

unsettling because they are in-consistent with market effi-

ciency and suggest that changes

in stock price during takeovers overestimate the future effi-

ciesncy gains from mergers."**

In other words, both the market and the acquirors may be getting it wrong. Though

many market analysts proffer the simple explanation that such delayed changes in senti-ment (upward as well as

downward) merely reflect new

information about the perform-ance of the takeover, a highly

technical debate is still raging

about these findings, and the case is not yet proven either

Acceptance of the argument

that share prices are a reliable indicator of takeover perform-

ance clearly rests on a number

of difficult judgments. One is the question of how quickly the

share price of the merged entity ceases to reflect the impact of

the acquisition (if, indeed, it

these . . . negative returns are

with problems, ranging from the difficulty of detecting the impact of a small victim on the performance of a large acquiror, to all sorts of other accounting, indexation and risk-adjustment issues. They have not been popular in the US. ● Economic. One of the most recent UK economic studies (Cowling et al*) failed to find any evidence that a series of

big mergers in the late 1960s had, by the mid-1970s, produced significant efficiency gains relative to non-merging com-petitors. "In many cases efficiency has not improved; in some cases it has declined." the report concluded. But it did find that market power had in-creased in most cases. • Financial. This is by far the

prove tougher and less tasty likely to succeed or fail.

share price changes in the few than expected. Whether their Accounting. Several UK weeks or months around the intention is to develop their vic-studies in the 1970s examined time of takeover. The majority tims or dismember them (as post - takeover profitability finding is that the victim's with GAF-Union Carbide), at (return on investment) for be-shareholders gain substantially least one may get stuck in its tween three and eight years. in percentage terms: bid pre-new owner's gullet, causing both Some found that few mergers miums have fluctuated between

years after the takeover. Such cases where the acquiror's share studies are particularly fraught price has immediately suffered with problems, ranging from from the bld, the predator's shareholders were usually shown as having either gained very slightly or, on average, not lost. Calculated in cash terms,

in order to iron-out discrepan cies in the relative size of predator and victim, some studies have shown equal short-term returns going to both Before the eruption of Wall

Street's current worries, several longer-term studies had shown that, in the three to five years after takeover, acquirors' share prices had not, on average, shown any "abnormal" devia-tion from the market as a whole. Roughly half the acquirors had outperformed the market, and half had underperformed it. This was taken as implying that, through the stock market's eyes, half the takeovers were successes and half were failures. The 50-50 rule applied, in other

studies in the US and UK, some of which reach back as far as the 1960s, show evidence of systematic falls in acquirors' share prices within a year after embarrassment and pain, raised profitability, and that the markets alike, a second key Others found a generally nega-finding of the latest academic tive effect, especially several Until the recent spate of US America's most experienced sceptics abound, not only among

world itself. A common allega-tion, for example by Cowling, is that share valuations tend to fluctuate far more violently than is justified by changes in the underlying asset values.
Yet modern financial theory,

Yet modern mancial theory, backed by extensive empirical testing, suggests that stock markets are indeed broadly, if not perfectly, efficient. In the words of Professor Paul Marsh of the London Business School, when the professor statement of the London Business School, "share prices are the only mar-ket price available. They do look very far forward — if they did not the market would systematically get prices wrong. All the evidence on share price behaviour indicates that it does

Europe, he concluded (again) that about half were successful. a fifth were "not worth doing," and the rest were failures. He reported that the results of an acquisition do not become apparent until at least two years after it takes place. And he produced a set of findings on the benefits of "relatedness" which anticipated a whole generation of broader American diversification studies.

Two of his main findings were that the less related the acquisition, the more risky it was; and that it was more risky to move into new markets than into new technology (provided that both were not done together).

Since 1979, however, the relatedness rules have been chal-lenged on the grounds that the high profitability of companies with related businesses had less to do with the general principle of relatedness itself than with the fact that most "related" companies have tended to be in attractive industries. In one sense, this is perfectly obvious. But it alters the prescription for successful takeovers; what appeared to be a general rule for all acquisitions now only applies to some of them, it seems.

ever did in view of the relative sizes of the two companies). More fundamentally, one has to assume that the stock market can and does correctly assess "The concept of relatedness doesn't help companies in steel, paper or textiles, yet they're the very companies which most need to diversify," says Profes-

sor Philippe Haspeslagh of Inseed, the French business | Management

school.
Academics and consultants were now searching for new categories of "relatedness" which explain the success of companies such as Hanson Trust companies such as Hanson Trust making acquisitions which under the old definitions would have been classified in the dis-credited "conglomerate" cate-

gory.

Tim Breene, a partner of McKinsey and Co, the management consultancy, says that industry and market-relatedness— the traditional categories—are inadequate. He points out that "relatedness of managerial task" has become a key success factor in most takeovers. Unlike the American conglomerates of the 1960s, Hanson tends to confine its attentions to companies with a specific managers of the companies whose share prices are in ques-tion, but also in the academic to companies with a specific set of attributes, so that the management process is always

> Just managerial researchers are struggling to adjust to the takeover environ-ment of the mid-1960s, so is th financial school — and in a way which may narrow the gap between the two schools' field of operations.

Managerial. The most influential studies were conducted over grown in recent years, Wall Street 12 years ago by John Kitchingt. has increasingly shown its dis Surveying mergers throughout approval by cutting the share has increasingly shown its dis approval by cutting the share price. When such bids have nevertheless gone ahead, as with Dupont's for Conoco, and US Steel's for Marathan Oil, there have been outbursts of com-plaint — from members of Congress and the Securities and Exchange Commission — that management is abusing its responsibilities to shareholders.

Whether the explanation is management hubris or the stock market's own inability to foresee the eventual outcome of these acquisitions is a matter of intense debate in New York and Washington. What is sure is that some US financial researchers are now turning their agements to make certain bids. At stake is the question of whether many takeovers are being motivated more by management's instinct for self-preser-vation than by the best interests of the shareholder. It may take another decade of research but watch this space.

Mergers and Economic Performance. By Cowling K., Stoneman P., Cubbin J., et al.

*The market for corporate control. In Journal of Financial Economics 11 (1983). North Holland Publishing. Kitching, J. Acquisitions in

Europe: Causes of Corporate Successes and Failures. Business International (Geneva)

abstracts

Decreasing computer downtime. T. M. Ross in Journal of In-formation and Image Manage ment (US), June 85 (2)

pages) Offers a string of suggestions on how to decrease the down-time of computer systems, from hiring full-time service en-gineers to covering machines with dust cloths when not in

Overtime work and industrial accidents. M. Schuster + S. Rhodes in Industrial Relations (US), Spring 85 (12)

pages) Reviews literature on industrial accident behaviour; reports the results of research from three manufacturing organisa-tions which supports the hypothesis that overtime is related to accident incidence, and overtime worked on con-secutive days causes greater accident severity (in terms of work days lost).

Cuthacks, layoffs and other obscenities. L. T. Ferry in Business Horizons (US), July/August 85 (8 pages).

Argues that companies in decline which are contemplating employee cutbacks, lay-offs or redundancies should consider alternatives—such as job sharing, pay cuts/freezes, early retirement — and encourage greater employee participation in deciding which alternative(s) to adopt. Looks particularly at to adopt. Looks particularly at the difficulties faced by employees with company/ industry-specific skills, who have greater wishes to remain and are therefore "exploit-

Making employees feel part of the company. C. Adams in Accountancy (UK), Septem-ber 85 (1) pages). Advocates greater use of share option schemes to motivate employees to work for company growth; examines the characteristics and advantages

of fixed value and floating-value employee share schemes, How to improve staff presentations. R. Wiegand in Business Horizons (US), July/ August 1985 (7 pages) Looks into the reasons some speakers at presentations can

be . . . simply dire; gives hints on how to improve presenta-tional skills. These abstracts are condensed

from the abstracting journals published by Anhar Management Publications. Licensed copies of the original articles may be obtained at a cost of \$4 each (including VAT and p+p; cash with order) from Anbar, PO Box 22, Wembley

NOTICE OF REDEMPTION

Chrysler Overseas Capital Corporation Chrysler Corporation, Guarantor

5% Guaranteed Convertible Sinking Fund Debentures due 1988

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture Dated as of February 1, 1968 among Chrysler Overseas Capital Corporation and J. Henry Schroder Bank & Trust Company, as Successor Trustee, \$3,116,000 in aggregate principal amount of the above captioned Debentures will be redeemed through operation of the Sinking Fund on February 1, 1986 (the Redemption Date) at 100% of the principal amount thereof (the Redemption Price) together with accrued interest to said Redemption Date.

ures to be redeemed are set forth below in groups from one number to another number inclusive

M160 through 174	PITAND INCORU 3012	M4931 through 4993	M:4810 through 14850	M40100 moden 40140	STOCKTO DECORET OCHOU	בכגוב שמתמתו הפגובות
224 through 234	3108 through 3123	5015 through 5030	26216 through 26237	46240 through 46282	51056 through 51112	54856 through 54884
269 through 292	3376 through 3388	5069 through 5133	29967 through 29999	46303 through 46332	51316 through 51367	54936 through 54957
331 through 340	3532 through 3546	5317 through 5334	37681 through 37735	46545 through 46573	51382 through 51410	55408 through 55433
474 through 484	3588 through 3627	5481 through 5505	37746 through 37785	46579 through 46611	51456 through 51483	56560 through 56585
532 through 555	3811 through 3834	5546 through 5575	39421 through 39451	46864 through 46891	51485 through 51580	56864 through 56893
727 through 738	3873 through 3886	5598 through 5616	43215 through 43238	46981 through 47011	51641 through 51671	56904 through 56929
1810 through 1823	3949 through 4000	5719 through 5732	43451 through 43480	47807 through 47850	51693 through 51734	56959 through 56982
2091 through 2122	4089 through 4103	5932 through 5940	43944 through 43971	47901 through 47931	51902 through 51932	57010 through 57038
2226 through 2243	4145 through 4167	5987 through 5999	44536 through 44561	48627 through 48661	52000 through 52055	57051 through 57082
2531 through 2551	4310 through 4363	6143 through 6152	44563 through 44587	48699 through 48727	52057 through 52087	57157 through 57205
2571 through 2585	4383 through 4400	6601 through 6625	A4806 through 44855	49227 through 49254	52245 through 52281	58084 through 58132
2645 through 2662	4420 through 4439	Ill44 through Ill64	45587 through 45620	49521 through 49549	52731 through 52770	58629 through 58657
2798 through 2834	4600 through 4618	13351 through 13370	45626 through 45640	49621 through 49664	53301 through 53353	59125 through 59155
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Interest on said Debentures to be redeemed shall cease to accrue on and after the Redemption Date and on said date the Redemption Price will become due and payable on each of the Debentures called for redemption.

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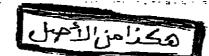
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Architecture

Colin Amery

Chance to change London's working life

It has taken an inordinately long time for the potential of London's Dockland to be realised; indeed, the real value realised; indeed, the real value of the arga for London and the South East has still not been grasped imaginatively. Only the advent of the large-scale American plans for Canary Wharf on the Isle of Dogs seems to have woken everyone up to the fact that this could be the natural place for the extension and reordering of much of London's working life.

You can tell that something real is happening there when you hear, as I did in the Guildhall the other day, the London Deckland. Dockland Development Cor-poration being referred to as "the enemy" of the City. This is a depressing reaction to the future—no plan for the City of future—no plan for the City of London can afford to be so insular that it continues to act as though Dockland does not

As Canary Wharf, under the stern hand of its promoter Mr G. Ware Travelstead, waits for the mandarins of the Royal Fine Art Commission and the passage of a Parliamentary Bill to extend the railway, another large and fascinating scheme is a parliament the plassing of the

The Thames Market Centre is proposed for a key site situated between the Isle of Dogs and the City STOL Air-port to be built in the Royal Docks. The intention is to pro-Docks. The intention is to provide a centre for permanent displays of international traders. The architectural concept (by the Sir Basil Spence Partnership) allows for a proper state of carefullance architectural concept.

There is no doubt that the RSC's inspired and inspiring production of Nicholas Nickleby is a landmark in British theatre

of the 1980s. The revival pro-duction at Stratford proves there is no doubt that David Edgar's adaptation works, but how? The answer lies in an

unforgettable performance style devised by the RSC, which ex-tends Dickens' own interest in

than an adaptation from prose,

it comprise; a new theatrical form in itself.

and acting company in Dickens' panoramic vision of human

generosity. Edgar's script identifies these dual qualities as the sources of evil and good in any society; these qualities lie deeper than issues of money, industrialisation and urban squalor and are identified most alterative in Diebens' treatment of

The effect is to unite audience

y versus human osity Edgar's script

devised by the RSC, which extends Dickens' own interest in a rhetorical style of prose, fiamboyant characterisation and multi-location settings, into a fully-fledged performance piece. There is no English novelist closer to theatre.

Trevor Nunn and John Caird direct with a spatial sense which extends into the auditorium via catwalks at several levels and flows into sweeping toxismes are remarkably acceptance.

which extends into the averal story. Andreane Neofitou's levels and flows into sweeping costiumes are remarkably accurate to Phiz's slightly carlca-

intimacy such as between Smike go to the actors. It is unfair to and Nicholas. Scenes of great single out individuals from an sorrow and great joy are juxta-ensemble who treble parts with

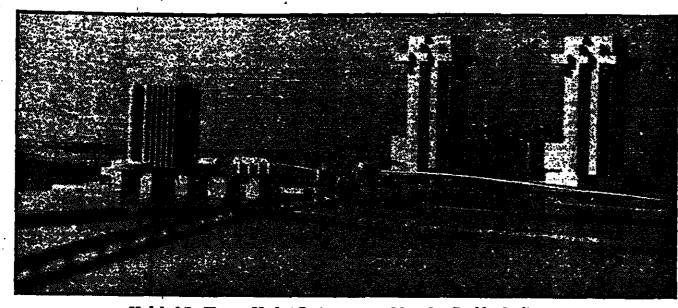
posed to the enhancement of such gusto and you will find both, with conviction not melo- your own favourites, but here

drama, because they have are mine. Alison Rose and Jane created a stage reality, an Carr for ingenious character expressionist landscape of the imagination where walls may as a pristine and needle-sharp

imagination where walls may be constructed from human Tilda and a spluttering, schemfaces. Combined with the ing, infantile Fanny Squeers actors' energy and enthusiasm respectively. John Carlisle, expectively in the ruthlessness of the ruthlessness of

industrialisation and urban Power of Theorical Madness; squalor and are identified most the Philip Glass Ensemble and clearly in Dickens' treatment of Laurie Anderson from New children as the currency of life. York; and the Opera Factory

life or Dotheboy's Hall, then to tured illustrations.



Model of the Thames Market Centre, proposed for a key Docklands site

mast-like structures, will be two large towers (160 metres) to supply the extensive office back-up needed by the centre. The site faces a fine reach of the Thames with Greenwich to the south west, and so there are plans for an hotel (some 90 metres high) and well situated houses, as well as a marina. It is important that the scale of this protect is realised: the of this project is realised: the site area is some 60 acres, and the building cost estimated to

Nicholas Nickleby/Stratford-upon-Avon

Charlotte Keatley

some 6,000 cars.

At present the Brunswick power station, redundant since 1984 and to be demolished, gives the area an architectural scale, as did the Rank/Hovis silos which recently disappeared. One of Dockland's problems has always been its inability to plan convincingly at a scale that suits the majesty of the river and the drama of the wide open spaces. Architecturally, this plan has some of the right scale. It is too early to see what it may look like in detail, but the towering

moral certainty.

love.

Adelaide Festival 1986

ordinary physical performance as Smike, uncurling from the

human, crippled limbs gangling like a puppet whose strings have

of spiritual deprivation which is the heart of Dickens' novel,

and simultaneously the symbol of hope for the future because

he bears no bitterness, only

into the 1980s with the final

The Footsbarn Travelling Theatre, based in the South

West, will represent Britain with a world premiere of a new production of Macbeth. Writers attending the first week inter-

national forum include Fleur

Adcock, Mario Vargas Llosa,

Craig Raine, Josef Svorecky and

Graham Swift.

allowances and no rates until allowances and no rates until 1992) this scheme stands a good chance of being developed over the next few years. What remains puzzling is the lack of any commercially sensible plan for Dockland and the curiously random way schemes are con-sidered as they crop up. The LDDC is weefully understaffed to predict the traffic and com-munications problems of the area and there is little sense of

cated to a trading nation or be in the region of £575m— gateway to East London is group of nations. Alongside parking alone has to cater for this honeycomb of pavillons, some 6,000 cars.

With partial Enterprise Zone sortium (backed by financial status (100 per cent capital interest Nevi Baltic plc) as a mast-like structures, will be power gration, redundant since allowances and no rates until crucial trade centre for the crucial trade centre for the whole EEC. It is amazing to think that this sort of potential is only two miles from the City. Canary Wharf, this trading centre and many other schemes all deared ways are about the contract of the centre and many other schemes. all depend upon each other and time that a rational plan for Docklands and the City is creativly discussed by both the LDDC and the City-London cannot afford retrograde piece

Giselle/Covent Garden

Clement Crisp

The two parts total eight and a haif hours but never fail to engross. Third-person narrative enables Edgar to edit and accelerate the mammoth plot by conveying some scenes in one sentence, as if asides. Part One introduces the exuberance, eccentricity and extremes of Dickens' 19th-century England; to strike Squeers (despite Part Two is more soul-searching. John Napier's set design of wrought-iron walkways, balus-Latest of the Royal Ballet's debitant Giselles is Ravenna Tucker, who made her first appearance in the role on Friday night. In beautiful quietness of means, gentle grace of technique, this was a memorable performance, a bright augury for the future. The Giselle we first see is a tender girl moving with dulcet ease, emotions understressed but emotions under-stressed but convincing. Her mad-scene rises but rarely above a measo-forte of emotion, save for the sudden and shocking outburst as Gisele stabs herself, a Above all, John Lynch's extramoment driven, like the sword itself, into the heart of the been hopelessly tangled and cut. He is the emaclated embodiment

There are dance sequences which experience will enable Miss Tucker to polish and sharpen in dramatic impact. A so restrained a reading—albeit one entirely in harmony with this artist's stage personality— is that supporting perform-ances, and the orchestral accom-paniment, must avoid lethargy into the 1980s with the final gesture: domestic bliss ensured for all worthy protogonists, Nicholas picks up the next Smike in his arms and offers him, not to his family, but to us the audience. Here is the cyclical horror of man's cruelty and the responsibility hes not in a happy ending, but with us. in an attempt to complement the ballerina's style. There were passages when it seemed that the production was dozing off, and that the cast were dreaming uneasily that they were appearing in Giselle. (The Couriand court hunt is part of some other staging's night-mare.) Julie Wood, though, was a Berthe of real sincerity and sensibility in her concern for Giselle, dramatically cogent at

The 14th biennial Adelaide Zurich in a new performing Festival is to be held between Warch 1 and 23 and features operas. In the second act Ravenna Tucker's gifts asserted them-selves to wonderful effect. From the moment the veil was re-moved from the will Giselle the dance seemed to fill her with a ravishing lightness. The will's nature was revealed in movement strily buoyant, touched with a Romantic fever as well as a compassionate forgiveness

for Albrecht, Rare among the company's Giselles, Miss Tucker can convey both the richn the dance—leaps exquisitely poised so that she seems to poised so that she seems to pounce upon a step from above; line stretching in floating, unforced arabeques; elevation that helps her drift over the stage like the night mists—and the emotional purpose behind it, the dramatics as light and the are the dramatics. true as the dance. The final impression is of a

portrait drawn with feathery strokes of movement that yet capture the essence of the role a characterisation huminous pearly. It was, in every respect a fine beginning, and Miss Tucker should prove a Giselle such as the Royal Ballet has not known for years. Describing the papers here spoke of an artist "shy, and young, and delicate, and fresh," and of dancing "market by graceful ease and complete naturalness." Across 143 years they tell exactly of Miss Tucker's interpretation. The Albrecht was Jay Jolley, also making his debut. He pro-

vided sterling support as a partner and a well-mannered account of a role which he plays without fuss. A young Myrthe also took the stage on Friday night. Tracey Brown appeared as the wily Queen in the Royal Ballet School performance in 1982, impressing us then with her strong presence. She now offers a portrait even more commanding, with implacable gaze and no less implacable gesture. Allied to this, a broad jump — slightly forced at moments—a luscious épaule-ment and rippling pas de bourrée mark her as a notable newcomer, having the technical abilities and the force of temperament both so vital to the drama of the second act.

Obituary/Christopher Isherwood

Anthony Curtis

Isherwood, who died at the age of SI at the weekend in Santa Monica, California, where he had lived for many years, had the good fortune as a young writer to create one character on whom it is no exaggeration to say he was able to live for thet rest of his life.

This was Sally Bowles, who appeared originally in a long story, bearing her name, published as a separate volume by the Hogarth Press before the Second World War. It was then added to a group of kindred stories under the title Goodbye to Berlin (1939). Meanwhile, Isherwood had left England permanent to

go to California under the influence of Gerald Heard. He planned to study Hindu thought and philosophy there. He joined the Centre. attached hinself to a Swami of whom he later wrote a biography, My Guru and His Disciple (1980), and even for a

the Gita, he continued to write fiction and worked as a scriptwriter in Hollywood It was here that Isherwood met another British exile, the playwright John Van Druten who turned Sally Bowles and some of the other Berlin material into a play I Am a Camera (1951). The title is taken from a sentence explanatory of Isher-

wood's approach to writing.
The play was a considerable success and was followed by the musical Cabaret which later still became a movie in which the character of Sally Bowles became indistinguishable from the abulliant Lira Minelli and the ebullient Lizz Minelli, and Isherwood had an income for the rest of his life. This windfall enabled him to

give up scriptwriting and con-centrate on his own highly per-sonal form of fiction in which

The novelist Christopher while contemplated becoming a of great intimacy with the sherwood, who died at the age monk But although deeply comreader as if to a close personal if SI at the weekend in Santa mitted to his newly found relified, and a sense of total fonica, California, where he gion, studying and translating honesty is sought. This style, honesty is sought. This style, witty, observant, nostalgic, exact, was Isherwood's great contribution to modern literature. It is seen at its best, outside the Berlin tales, in novels written in America like Down There on Visit (1962) and A Single Man (1964), and in his autobiographical writing and books about his own family.

In the freer literary climate of the 1970s, Isherwood decided to make no secret of his horacsexuality and in the light of this wrote a revised account of his early life and friendship with W. H. Auden in Christopher and His Kind (1977). Izherwood retained a boyish outlook and appearance even as an elderly man, as can be seen in the drawings of him by his great friends, Don Bachardy and David Hockney.

The Mastersingers/Coliseum

Andrew Clements

The first return to the repering, sometimes the more cautious voices in ensembles are The first return to the repertory of English National Opera's 1984 staging of The Mastersingers on Saturday can be welcomed with only a few qualifications. This revival has had its difficulties. Originally it was to have been conducted by Charles Mackerras and the role of Hans Sachs taken by Gwynne Howell, but both dropped out at an early stage. And though the unavoidably overpowered. But many passages are handled with intelligent expressiveness; an occasional lack of grandeur, perhaps most noticeable in the closing minutes of the opera, might well be remedied later. Howell, but both dropped out at an early stage. And though the original production was by Elilah Moshinsky, he appears to have taken no part in the rehearsals this time. For all three, however, the replacements prove to be very much more than just adequate.

David Ritch's restaging has As Sachs, Norman Bailey's

second and big set piece of the doubtedly it serves to prevent third. Peter Robinson conducts, with a confident concern dramatic relief, to some extent to maintain a fair balance it also undermines the coher-

presence of the orchestral play-

his treatment of his second-act dialogue with Beckmesser and Eva are perfectly judged, their humour never overdone.

Among other newcomers

Among other newcomers to the cast Bonaventura Bottone's David stands out for his easily produced singing and forward, personable characterisation. Kathryn Harries's Eva comes and goes, one stiff, rather un-responsive appearance folresponsive appearance fol-lowed by a passage in which both acting and singing seem much more relaxed and ready to respond. Anne-Marie Owens more than just adequate.
David Ritch's restaging has brush bonhomic that characterises many productions of life, colour and only a few loose ends that undoubtedly will be tied in during the run. It is fix an audience's attention upon least successful in the coolly conceived first act, happier with the comic confrontation of the second and big set piece of the third. Peter Robinson conducts, with a confident concern dramatic relief to some attention without the broadstated brush bonhomic that character woollam repeats his vocally uneven but fundamentally like-able Walther, Alan Opic his fine grained, credible Beckmesser and develops in power and confidence as the evening went on.
Rodney Macaun's Night, Watchman is a brief, clear-toned delight. Chorus work is robust to maintain a fair balance it also undermines the coher-between stage and pit; some-ence of the whole. Yet his use always ideally sonorous. But times there is a consequent of the text, even with a less the overall balance of the even-reduction in the physical ample tone than in former ing is very much on the credit



Alan Opie and Sean Rea

Arts news in brief

The National Theatre is to present the British premiere of present the British premiere of Neil Simon's Brighton Beach Memoirs in the Lyttelton on February 18. The cast includes Frances de la Tour, Robert Glenister and Stephen Mackin-

Scottish Opera is to present a new production of Verdi's

programme (Tue): Klaus Tennsted conducting. Mozart, Beethoven (Thur). Lincoln Center (8742424)

WASHINGTON

ational Symphony (Concert Hall); Rafnel Fruebeck de Burgos conduct-ing. Piston, Bruckner (Thur). Ken-nedy Center (2543776).

CHICAGO

PARIS

Jan 3 - 9

Il trovatore at the Theatre Royal, Glasgow, on January 22.
This co-production with Opera
North is to be seen in Andre
Serban's Spanish civil war
version, directed by Graham
Vick, conducted by Graham
Vick, conducted by Graham
Vick, conducted by Graeme
Jenkins and designed by
Michael Yeargen.

David Mamet's American
Buffalo, first seen in this
country at the National Theatre
and later in a West End production
tion starring Al Pacino, returns
to London in a revival directed
by Robert Walker at the Old
Red Lion, EC1, on January 14.

David Mamet's American

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/ Wednesday. Exhibitions/Thursday, A selective guide to

Music

Jecks Weissenberg, plano. Bach, Mu-alkverein (6581 90). (Set). Haydn's "Die Schöpfung". Lower Aus-tria Tonkunstler Orchestra conduct-

tria Tonkunstler Orchestra conduct-ed by Militades Caridis with Cheryl Studer, soprano; Anthony Rolle-

Terms Symphony Orchestra Youth Concart conducted by Riccardo Chailly with Radu Lupu, piano. Brahms, Tchaikovsky, Musikverein. (Thur).

NETHERLANDS

Utrecht, Muziekcentrum Vredenburg: Recital Hall. Hanae Nakajima, pi-ano. Franck (Thur). (314544).

Rotterdam, De Doelen. Harmet Haenchen conducting the Rotter-dam Philharmonic, with Peter Zazofsky, violin. Bartók, Schubert (142911).

The Hagne, Nieuwe Kark. Rossin's Petite masse solonelle performed by the Notherlands Chamber Choir conducted by Jos van Immerseel (Thurs) (929-625199).

ITALY

Illan: Testro alla Scala: Margaret Price, soprano, accompanied by Geoffrey Parsons in music by Bee-thoven, Brahms, Strauss and Mah-ler on Monday, (809126).

lazione: Lorin Maszel connucung Beethoven's 7th and 8th symphon-ies (Set, Sun, Mon, Tues). Oratorio del Confalone (vicolo della scimia 1/ B) the Symposium Musicum playing music by Andres Gabrieli on the fourth contengry of his death. iazione: Lorin Maazal conduc fourth centenary of his (Thurs). (655 952).

LONDON

PLG Young Artists and 20th centur music series at the Purcell Room; two concerts nightly 6.00 and 7.30 Monday to Friday. (928 3191).

Chicago Symphony (Orchestra Hall): Raymond Leppard conducting, Anthony and Joseph Paratore duo pianos. Chabrier, Bartók, Bizet. (Thur), (4358122). Peter Frankl, piano; Gyorgy Pank, vi-olin; Ralph Kirahbaum, callo. Sec-ond Beethoven Trio concert in the cycla, Elizabeth Hall (Thur). (928 3191).

José Feghali, piano: 1983 Van Clibura Piano Competition winner plays Haydn, Villa-Lobos, Chopin, Schu-mann. Eizabeth Hall (Wed). (928 3181).

NEW YORK

Ute Vinzing, soprano. All-Wagner

York Philharmonic (Avery Fisher il): Klaus Tannstedt conducting

New York Phills

Paul Torteller, cello; Ensemble Instru-mental Andoll: Vivaldi, Leken, Boccherini (6.30pm). Siegfried Je-rusalem, Tenor; Siegfried Mauser, piano: Schubert's Die Winterreise London Symphony Orchestra, Howard Shelly conductor/piano, Jack Brym-er, clarinet. Händel, Mozart. Barbi-can Hall (Wed). (628 8891). (8.30pm) Both concerts Mon, TMP Châtelet. (42334444).

Orchestre National de France conduct-ed by Vladinair Fedosselev with the Radio France Choir: Rimsky-Korsa-kov's Snegurotchka (Tue) Salle Playel. (45610630). tordon Symphony Orchestra, conduc-tor Gunther Herbig, Sergel Edel-mann, plano, Weber, Beethoven, Brahms. Barbican Hall (Thur). (528 8891).

Tanel, piano: Bartók (Tue) Salle Gaveau (4583 2030).

Ensemble Orchestral de Paris – Jean-Pierre Wallez, violia; Pierre Barbi-zet, piano: Besthoven's violia and pi-ano sonatas integrale (Thur) Salle Gaveau (4563 2030).

Era ends on high note

London orchestras

The London Orchestral Concert Board disappears on April 1, an innocent victim of the abolition of the GLC. For almost managed a jump of 11 per cent 20 years it has subsidised orchestral concerts in London certs, while the most active (mainly at the Festival Hall) by the big four orchestras, the LSO, RPO, LPO, and Philharmonia, along with dozens of concerts by smaller musical fry like the London Sinfonietta and the English Chamber Orchestra. English Chamber Orchestra.

It was jointly funded, to the tune of £2.2m in 1984-85, by the Arts Council and the GLC. With the GLC disappearing its role is finished. In future the main orchestras will be subsidised directly by the Arts Coun-

high note. It has just isseud its review of 1984-85 which reveals up from 68 per cent to 75 pre cent on subaidy—on average it cent for the 113 orchestral concerts that the LOCB supported — at an average subsidy of £5,800 a concert.

The size ? that for the second successive year there was an increase in

The rise in attendances owes omething to the popular repertoire played by financially con-scious orchestras, and rather more to the aggressive marketing policies financed by the GLC.

Whatever the reason, in 1984-1985, the 10 South Bank con-certs by the LSO had an average capacity of 86 per cent (and the

Nothing much will change in the immediate future. Because soloists and conductors are booked years in advance the Arts Council has notified the orchestras that the traditional rhythm of musical life in London will be financed as usual up to the spring of 1987.

At least the LOCB closes on a will be able to exercise more control over the orchestras when it becomes their sole patron, although of all our national arts institutions the

> pared to dance to an Arts Council tune which will probably be money tied to provincial touring, to the performance of challenging modern music, and to special festivals, featuring a composer in his wider artistic setting, or a particular country's music. All in all it will make for a more lively

musical scene. **Antony Thorncroft**

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Monday January 6 1986

Party a treaty for a zone in Europe to be free of chemical

Mr Rau implies a recognition that the SPD cannot prosper

without occupying the political centre rather than the left

This view is reinforced by the likelihood that the Greens have

passed the peak of their first successes and look hopelessly

Mr Rau's rise to national prominence began with a com-

fortable election victory in his home state of North-Rhine

Westphalia last summer. He had acquired the reputation of

and would appeal to a not excessively politicised elector-ate. That is his attraction, but

In the months between his election success in North-Rhine

Westphalia in May and the

Ahlen speech, Mr Rau repeatedly betrayed his inexperience in defence and other external matters. The

message from Ahlen was a good deal clearer, but Mr Rau him-self must know best that the

battle for the centre has yet to

That is truer since, after a bad patch, the Kohl Govern-

ment in Bonn is doing well. A

series of embarrassing flascos seems to have come to an end

and, most important, the economy is looking good and

Mr Rau will have to show that

he can beal the breaches within his own party. A vocal faction is critical of Nato and, especially, of its nuclear policy. Even Mr Brandt has at times

sounded ambiguous on some sensitive matters, but is said to

strong for next year.

also constitutes a danger.

Pillar of the **Bonn state**

democracy has taken an imgreen "views, afraid that the
portant step to distance itself Greens might draw voters
from some of the more worrying positions of the Greens and a "red-green" coalition might one day bring the SPD back to power. This year an SPD group broke a Nato taboo by proposing jointly with the East German Socialist Unity of the peace movement. There is nothing unusual about socia-list parties abandoning more extreme positions while in power. But in Germany (as in Britain, though in a different context) it is already happening sition and preparing for a year of political tussles that will lead to a general election no later than March 1987.

Mr Johannes Rau, the Social Mr Johannes Rau, the Social Democrats' newly installed champion who will try to unhorse the Christian Democratic Chancellor, Dr Helmut Kohl, opened his bid for the middle-of-the-road vote in his policy speech at Ahlen before Christmas. Bonn's alliance with the US, he said, was based upon shared values. There should be no unilateral withdrawal of no unilateral withdrawal of being a sound father to his people without a great deal of ideological baggage, a "nice guy" who could heal the breaches within his own party cruise and Pershing missiles from Europe. Even before that speech, in his conduct as premier of North-Rhine Westphalia, Mr Rau had demon-strated that he had no wish to form a coalition with the Greens after the elections.

Basic policies

None of that is a matter of course in the Social Democratic Party (SPD) as it lately has appeared. At times it came close to departing from the spirit of the Bad Godesberg programme of 1959 which marked the SPD's acceptance of the basic policies of the Bonn state: Nato, European Community, and market economy. Only after Godesberg could the SPD fully become what is known in German as a staat-stragende Partei, meaning. quite literally, a pillar of the state. It served in government under a Christian Democratic Chancellor from 1966 to 1969 and from 1969 until 1982 under Chancellors from its own ranks, Mr Willy Brandt and subsequently Mr Helmut Schmidt. But the later Schmidt years coincided in West Germany as elsewhere with growing doubts about industrial society, about nuclear armament and about nuclear armament and about the value of the US alliance. Rau's back. By avoiding In Germany the Greens, who do not even wish to be pillars of the state. became a reliable of the state. of the state, became a political the proposed zone clear of factor to be reckoned with. In chemical weapons the SPD will the SPD itself opposition grew be serving both its own in-to nuclear power and nuclear terests and those of the West rmament. German position within the Mr Brandt, the party leader, western alliance,

Trial in the home market

close consensus among economic close consensus among economic forecasters of different schools about the short-term outlook for the UK economy. Growth will be somewhere near 3 per cent, sustaining a remarkably steady progress from the trough of 1980. Oil is topping out, so manufacturing and services will make most of the running, while on the demand side the recent strong surge in exports recent strong surge in exports and investment is over, and consumer demand will be the main bullish factor.

When forecasters look beyond 1986, however, an enormous gulf opens up. On one side the market economists see 1986 as a year in which the economy is returning towards a more normal balance, with the com-ponents of demand growing broadly at much the same rate, while the fact of continued growth should consolidate the recovery in business confidence of the past two years.

The Government's critics, on the other hand, argue that a recovery fuelled almost entirely recovery fuelled almost entirely by what are generally agreed to be excessive wage increases must peter out quite quickly, so that by 1987 the economy will be slowed sharply by falling demand, and hampered by reduced competitiveness. Some are so persuaded by this gloomy projection that they are con-vinced Mrs Thatcher will con-trive some excuse to go to the country this year, while the economic wind remains favour-able.

Contrast

The gloomy view cannot be The gloomy view cannot be characterised simply as left-wing. German commentators, for example, show great relish at the moment in contrasting the unsustainable Anglo-Saxon recovery, based both in Britain and the US on excessive credit and monetary growth receptor. and monetary growth, reflected in historically high interest rates, with the virtuous German path of consumer restraint, modest credit demand, and a strong foreign surplus, promising indefinite crisis-free

This analysis may appeal to those with mercantilist or if design and marketing could Puritan instincts (distrust of the candy-floss society has a already achieved in British invery long history), but it is not logical. The world as a whole recovery would indeed be suscannot achieve a current tainable.

is the export-dependent economies—Germany, Japan and South-East Asia—which have

the poorest outlook this year, as

the US struggles towards a

better balance.

The real challenges to the UK economy have little to do with the structure of demand, but everything to do with competi-tiveness, in its broadest sense. This involves not only the level of costs, but the design and marketing of products. Consumer-led growth means that this test must be faced not just by the elite of British manu-facturers who achieved record exports last year, but by 'the great generality who have in the past done so poorly in defend-ing their own share of their

home market. home market.

The industrial lobby has argued down the years that a sound home market is the foundation of prosperity. This is probably much truer in these days of volatile exchange rates and unpredictable returns from exporting than it was in the

Wage costs

most comment on competitive-ness dwells almost entirely on wage costs, where the pub-lished figures provide a text for any number of gloomy sermons, There is much doubt, though, whether the figures are reliable. The earnings Most comment on competitivereliable. The earnings statistics appear to be accur-ate, but the figures for output have shown a consistently gloomy bias over the years. Economists close to industry seem convinced that the re-vised figures for 1984 and 1985 vised figures for 1984 and 1985 will in due course show a growth of productivity which will go far to justify the rise in wages, as has already emerged for earlier years. If this is true, then the campaign for more moderate increases in 1986 will not come too late.

Productivity is no me. Productivity is no use, though, if the products are not wanted, as is illustrated by the sad case of Austin-Rover which last year achieved a remarkable jump in output, but lost market these Such expressions will fee share. Such stories are still far too common in British industry.

portfolio managers who in 1985 made a memorable killing for their clients by investing in continental stock markets.

1985 was a vintage year for equities worldwide. Wall Street and London both advanced to record levels with the Dow Jones Industrial and the Financial Times Ordinary indices brushing aside the 1,500 and 1,100 barriers respectively. But the biggest gains to be had over the period were on the Continent.

A key factor behind the performance has been the sheer weight of money which foreign institutions have allocated to what was once an unfashion-able area for investment. Inspired by the widespread belief that many national economics are set for a period of sustainable economic growth and low inflation, they have helped push continental share prices up by more than 70 per cent, as measured by Capital International's Index.

US and UK institutions, faced by domestic markets which have been generally more hesitant, have been expanding their overseas portfolios and there has also been more cross-border inwestment within Europe. In West Germany, the largest con-tinental market where prices have risen more than 65 per cent, as much as three-fifths of the buying on some days is reckoned to come from foreig-

The trend is part of a globalisation of equity markets which has quickened markedly during the year. Increasingly, shares are being offered to investors outside their country of origin, and are traded by the biggest securities houses around the world in a 24-hour market.

At the same time, financial issets such as shares and bonds have become more attractive investments because the policies of industrialised countries since the late 1970s have largely squeezed inflation out of their economies, with the result that real returns are less likely to be eroded.

"The 1980s will probably be characterised as the decade of securities, whereas the 1970s would probably be called the decade of raw materials in view of their sharp increase in value, and the 1960s the decade of labour," wrote Mr Henri Meier. a management board member of HandelsBank, a Naticual Westminster Bank subsidiary, in an introduction to a new handbook entitled "The Swiss Equity Market."

The shift to free-market economic policies, epitomised by President Ronald Reagan and Mrs Margaret Thatcher, has produced greater confidence in financial instruments. The recent Reagan/Gorbachev summit also helped to bolster befor the markets is encouraging. Most of the investment money has gone into US markets, continuing a long Reagan rally. But fears that the Reagan economic boom may be running out of steam have ma foreign markets more attractive and encouraged further diversi-

fication of US portfolios.

Overseas investment still represents a tiny proportion—perhaps one-fortieth—of the \$1,000ho or so available to be According to InterSec Residence invested by U.S. pension funds. Search, a Stamford, Connecticut—Switzerland and the Netherhold pitfalls because their tradfolios with some lesser-known lands have benefited from the ing and regulatory systems are growth stocks.

WORLD STOCK MARKETS

The spotlight is on Europe

period of exceptional strength has led more US investors, most of whom have long adopted an insular approach, to look across Since Japan has seemed a less attractive investment than previously, the emphasis has been on Europe.

The Continent has reaped much of the benefit because its countries are generally seen as offering less economic and political uncertainty than Britain, which is heavily dependent for the success of its economic policies on oil prices and the pound.

While most countries would gain from lower oil prices, Britain — at least in the short term — stands to lose. London's fuelled by takeover speculation, not thought to be a sign of fun-damental strength, and by the strong cash position of institutional investors because of and a hiatus in new share

A powerful incentive for US fund managers to step up their international investment lay in the good performance of those managers who in the early 1980s bought into foreign markets, like Japan. With many companies there perceived as already having experienced their period of sharpest growth, and with the competitiveness of exports now threatened by a strengthening yen, Japan has turned into a difficult market. So the emphasis has switched

Fund managers' performance is usually measured against the key index for the market in which they invest. For international equities, the benchmark is the Europe and Far East Index compiled by Capital International To outperform any index managers must take investment decisions which will make their portfolio diverge from the weightings within it, which are determined by the relative size of individual stock

This year, according to Frank Russell, a US pension fund consultancy, managers have substantially Europe and "under-weighted" Putnam International Advi-

the Boston advisory group Put-nam Companies, nearly doubled

the group's international portfolio last year to \$1bn, says Mr Schaefer, a managing director. About 70 per cent of the increase came from appreciation the wringer of recession and as of investments. The remaining some profit oriented. The resulting money entrusted to Putnam's management by funds either newly awake to the gains to be made abroad, or wishing to increase their international expo-sure. The total is still small by comparison with the \$18bn

under Putnam's overall manage-

British investors have not missed out on the push into Europe. The £600m Foreign and Colonial Investment Trust, for example, has 10.2 per cent of its portfolio invested in non-British European equities compared with only 3.4 per cent 2 year

So where exactly has the investment money been directed? The West German market has appeared to foreign investors to have everything going for it. This was highlighted in the week before Christmas when Deutsche Bank, which has seen its own share price rise more than 120 per cent over the year, capitalised on foreign enthu-siasm for the market by offering

abroad most of a large \$1.5bn parcel of shares in Daimler-

ALEX NICOLL looks at the rise of the global equity and the increase in

cross-border investment over the past year

The well-known Daimler name and the pricing at an attractive discount to the market level ensured that the shares, distributed through the highly efficient syndication system used in the Eurobond market, were snapped up within hours.

Underlying the West German market is the outlook for economic growth of 3 per cent or more next year with inflation at not much over 1 per cent. Exports are expected to remain strong. The healthy economic background allows forecasters to predict that corporate profits will remain buoyant, growing by 15 per cent or so in the coming year. The ruling coalition Government is expected to survive elections in 1987. The sors, the London-based arm of D-mark's likely continued the Boston advisory group Put-strength makes investment even more appealing to dollar-

or sterling-based investors. The West German economy, and others in Europe, are perburst of consumer spending is occurring later than in the US. This makes consumer-based European companies particularly attractive, and these often have the added advantage that their names, such as Heineken or Nestle, are known to inter-national investors as brand

funds had \$25-26m invested abroad at the end of 1985, compared with \$15m at the end of 1984.

The Swiss market has opened up considerably during the most of the share with a number of share year, with a number of share issues offered internationally. Investors spotted that share prices in Amsterdam were trading at a much lower multi-

> Belgian, Austrian shares have attracted similar foreign attention, and the French market became more appealing later in the year on renewed confidence in the economic prospects being offered by President Mitter-

ple of corporate earnings than in West Germany, and saw a

buying opportunity.

In the Far East, Hong Kong a market still powered largely by domestic investors has enjoyed a resurgence confidence about the political future which has helped the stock market. Singapore and Malaysia, however, suffered a blow when the receivership of Pan Electric Industries forced the temporary closure of their stock exchanges and triggered a sharp fall in

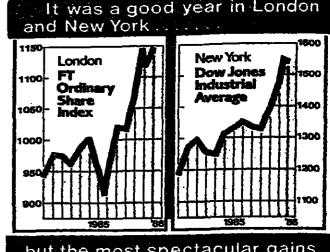
In Australia companies with a strong US component in their earnings were helped by the Australian dollar's decline. The stock market in Italy has

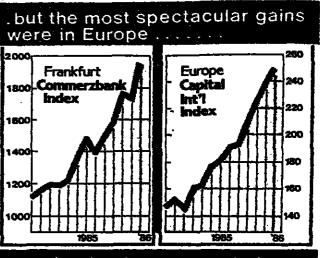
been exceptionally strong. Though foreigners have been enthusiastic buyers of shares. the most significant develop-ment has been a move to establish mutual funds for domestic investors — one of several measures taken by European countries to liberalise share ownership. The Italian in a programme to sell off some of the country's heavily state owned industry to the private sector, has a vested interest in maintaining a strong stock market.

The problem for foreign investors in Italy, however, as in many other countries, is that very few of the quoted com-panies are large enough. The markets in the shares of most continental companies are too small and illiquid for big US investors. They are used to moving large sums of money difficult to absorb in a small stock market - and to getting out of their investments rapidly and without damaging prices.

"Any market which is illiquid and where you are heavily over-weighted is a risk," says Mr David Roche, a Londonbased international portfolio manager for J. P. Morgan Investment Management, one of the biggest US fund managers. A case in point is the Swed-ish market, formerly attractive

to foreign investors, but beset last year by the country's economic troubles. Share prices have dropped very sharply in some cases as foreigners have baled out.







simply not as developed as those of Wall Street or London. and the less information that Settlement is sometimes a prob-

The growth of cross-border investment is putting pressure on markets across Europe to iron out inefficiencies and liberalise trading methods. The effects have already been felt in London, which is embarking in 1986 on a radical restructurfor institutional investors. Swiss taly. from January.

some European markets means there are big gains to be made by astute fund managers who, carrying out their own research, spot companies which have gone unrecognised as holding large growth potential. While some managers stick to the biggest and best-known companies,

"The less efficient the market is available on it, the more that research adds value," says Mr

Problems of illiquidity may be eased to the extent that the expansion of stock markets, with heavy new issue volume and government privatisation programmes, mobili es greater domestic involvement in stock

Mr Anthony Bolton, an investment director in London with But the relative obscurity of Fidelity International Managethe flow of funds is going to be out of the big markets and into the smaller markets. This generates a momentum in which the domestic investor wakes up to the opportunities."

Pitch for City friends

The Labour Party is leaving no stone in Throgmorton Street unturned in its search for respectability among the busi-Not only is it seeking to intro-

duce its policies to the pin-striped ranks of the City of London, it is also planning to do so in a way which they would surely approve—for

would surely approve—for profit.

The Fabian Society, an old friend of the Labour Party, which has the race-winning tortoise as its emblem, will organise a conference at the London Press Centre on February 11 to discuss Labour's "Policies for Business."

The object is to attract those who think (fear?) that Labour might, after all, form the next government, and will thus want to get to know what Labour has in store for them.

in store for them.

The day's business will be chaired by two Lords as further evidence of the broad church now offered by Labour. They will be Lord Barnett, the former Treasure Secretary and former Treasury Secretary, and Lord McIntosh of Haringey, who was brutally deposed from the leadership of the Greater London Council by Ken Living-

they love us not . . .

Men and Matters

stone and his left-wing faction after just one day in the job. McIntosh's presence at the conference will remind the audience of the hard pounding that may be expected when Labour is in office and at work. Roy Hattersley, the shadow Chancellor, will address himself to the "economic problems facing an incoming Labour government." Bryan Gould, the shadow trade minister, will map out Labour's policies for the City. John Smith, the shadow trade and industry secretary will talk on

industry secretary, will talk on Labour's industrial policies. The three represent Labour's reformist face. And it is a reasonable bet that they will want more reforms—and certainly different reforms—than their andience would wish. And the cost of having your spine chilled? It will be about £120 plus VAT. That will include lunch and refreshments.

Clearly there is no such thing as a free fright,

Table talk

The pecking order is all-important in Japanese official circles which is why two dis-tinguished Westerners, who will be visiting Tokyo this month, are being asked to swap the venues for their main speeches. venues for their main speeches. It was arranged that Katharine Graham, the redoubtable publisher of the Washington Post, should address a Japan National Press Clublunch. She is visiting Tokyo because Newsweek, part of her publishing stable, is to launch a Japanese language edition. It so happens that Jacques Delors, president of the Furn.

In the eyes of Japanese officialdom a visit by an EEC president rates higher than that by a distinguished newspaper proprietor. So the Japanese Foreign Ministry advised Brussels that Delors should

The switch threatened to leave Mrs Graham without a forum. But fast footwork by interested parties enabled her to take up his discarded place at the head of the table at the Foreign Correspondents' Club. Wagers are now being made

really deliver his words to the Japan National Press Club.

on which celebrity will attract the biggest audience. Can the European Monetary System excite the reporters more than racy recollections of Watergate.

Goskirk's energy The arrival of Ian Goskirk, aged 53, a life-long oil man, at Coopers and Lybrand's management consultancy to set up an oil and gas practice, is a sign of the fast-changing times in the energy business.

Until the Government closed the British National Oil Corp-oration last November he was the chief executive with respon-sibility for a turnover of £10bn a year trading North Sea oil. The rising cost to the Government of that form of intervention in the oll trade brought the exercise to a sudden halt, leaving Goskirk and about 100 others out of a job. About 50 employees remained to run the

Agency. Goskirk believes he is in the Delors, president of the European Commission, will be in Tokyo at the same time and he was booked to speak on the same day as Mrs Graham at the Foreign Correspondents' Club.

Goskirk believes he is in the right place at the right time in his new job as an independent adviser to the energy market. "The industry can no longer gear itself in terms of the 1970s or the 1980s. Those

days are gone. It must now make decisions based on fore-casts for demand in the 1990s." His own forecast is that the static market and declining prices will force the oil industry into a spate of mergers, takeovers, and large-scale reorgani-

A career Shell man, his own experience illustrates the way the industry has come full circle. In the 1970s he helped prepare Shell's Venezuelan interests for nationalisation. Ten years later he was prepar-ing British state oil interests for privatisation.

Last drop

If you are attracted by the cachet of the last wine of 1985 you will have to sup Binger Scharlachberg Riesling Qmp Eiswein Villa Sachsen. Grants of St James, the vineyard's London agents, have told me a charming tale about the

gathering of the grapes for this

Well before sunrise on New Year's Eve a band of friends and neighbours, hastily rousted out of bed, gathered on the freez-ing slope of the Scharlachberg vineyard and picked the frozen Riesling grapes in a temperature of -9 degrees Centigrade. They used the headlights of

The whole crop was picked and sent for immediate pressing by mid-morning. It will produce about 900 bottles which will sell at about £40 a bottle in three years' time. When, I am promised, "It will taste of pure nectar."

ears to illuminate the

Half-baked

Last week I brought you the observation from a Chelsea wall that "The upper crust is just a surviving Oil and Pipelines lot of crumbs sticking together.' A West End of London reader disagreed. He says "The upper crust is a lot of crumbs held together by dough,"

Observer





HOMELESSNESS IN BRITAIN

The problem is getting worse...

By Robin Pauley

ber night well before the theatres and restaurants empty and London's metropolitan bustle starts to die down. Very young boy prostitutes in Leitester Square and Piccadilly are still hoping for a pick-up that will give 'em somewhere to stay the night.

A group of damp and pinched youngsters cluster around the Soho Centrepoint emergency housing centre hoping that

youngsters cluster around the Soho Centrepoint emergency housing centre hoping that when its gates open they will be allocated a bed for the might, their last chance of getting indoors.

There are the might provided from the might households claiming home.

Shelter and the Simon Community Trust estimate that at least 200 people sleep rough in London each night along with several hundred more in Britain's other major towns and cities that is sometimes that a year. Others go variously to short-life dwellings, women's refuges and hostels.

Sometimes takes more than a year. Others go variously to short-life dwellings, women's refuges and hostels.

Sometimes takes more than a year. Others go variously to short-life dwellings, women's refuges and hostels.

Sometimes takes more than a year. Others go variously to short-life dwellings, women's refuges and hostels.

define and behind those obviously homeless undermeath the arches is a less visible army of up to 200,000 households representing around 500,000 mother but who people who are without homes in one way or another but who evertheless do not sleep on the pavement.

The fact that these people are without homes leads many commentators to the wrong assumption: that there is an absolute shortage of housing in Britain, only a fifth of them in the public sector, but for a variety of reasons they are not available to those who most need them.

The flustration indicates who the increased in absolute share increased in the streets or beg. Some sleep in bed-and to sleep on the date of the time of the time is supplied to be had, turned away 12 families including a single mother with tiree itary children. She planned to sleep on Euston Station until another of the sessential under this law not to leave a home voluntarity. This means resisting all threats, notices and demands threats and enforced by the courts. In addition the word intentionally is open to a variety of interpretations by different councils.

Men who are "intentionally" momeless from the housing market and institutional living of a fairly basic standard although they of the bright and clean that there is an advantage of housing the private sector back from the housing market and institutional living of a fairly basic standard although they of the bright and clean the

the homeless are and how their some in garages, some in shared numbers have increased in and overcrowded conditions or numbers have increased in recent years partly, but not wholly, because investment in and some squat legally or public sector housing has declined under a government whose policy objective is to pull the public sector back from the housing market. But rising unemployment, rising divorce rates and the desire of more and more young people to live and overcrowded conditions or Salvation Army hostels to the relatives' sofas, coercres or "spikes," which hark back to the grim Victorian days of the poor house and the work housing market. But rising unemployment, rising divorce rates and the desire of more and people who have disqualiant to be rehoused by making themand in need of housing is unique neither to Britain (see

leir last chance of getting households claiming homeless-adoors.

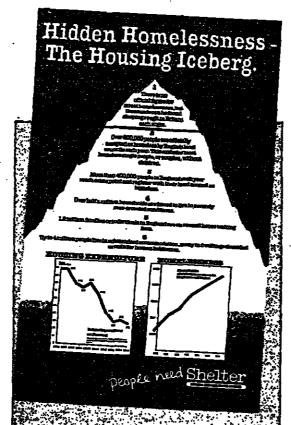
They are the most visible rules, virtually none of them

They are the most visible part of London's growing home. lessness problem which continues to spread across a wider age range, with all the emergency centres now regularly dealing with teenagers.

It is a tragedy which attracts national attention at this time—the charity Crisis at Christmas takes the homeless to its bed and breakfast accommodation in often far from salubnas takes the homeless to its brious hotels (at a cost in 1984-beart each year—and nudges the public conscience through the festive season.

Shelter and the Simon Com-

Britain's other major towns and selves unable to cope with their statutory obligations. At the start of this year's winter, notoriously difficult concept to define and behind those than 500 people in bed-and-obviously homeless underneath breakfast and no accommodation to have the arches in all control of the hold to accommodation.



Salvation Army hostels to the than a fraction of the receipts Government's 21 national in new housing projects. More centres or "spikes," which hark than £6bn of unspent accumulback to the grim Victorian days ated receipts are now piled up of the poor house and the work in local authority bank accounts.

Some men detest the spikes totals that councils have been and prefer to live out rough.

The tier of people in distress and in need of housing is been cut back by 65 per cent in unique neither to Britain (see

one-week seasonal aberration no is it confined to Britain. "The worst times are in January when it's always wet and February when its always much colder," says Michael, an Ulsterman preparing to spend the night in his ragged overcost and some cardboard boxes arranged around him. He shows no signs of being the werse for either drink or drugs and is unfertheoming about when or how his life slid down and then out.

As he speaks a couple wander past, walking across one of the pieces of treasured cardboard which he is making up into a bed. "I don't walk on YOUR bed," he shouts, with a touch of both humour and dignity.

HOMELESSNESS is not a

Michael has his countermichael has his countries rich and poor: from New York's Bowery hag ladies and the trans-US hobos to the French "Clochards," West Germany's station-sleepers and Scandinavia's notorious alcoholie drov-outs.

from £4.4bn in 1978-79 to £1.5bn in 1985-86 (at constant 1984-85

The aim was that the private sector would fill the gaps, but although private sector housing starts are increasing they are almost exclusively for property to buy. The private sector is not moving into the rental sec-tor, primarily because it continues to be regarded as a poor investment.

The Government has considered trying to free the private rental sector by legislating to deregulate rent and tenancy controls but has backed away for fear of a mighty political controversy. So it remains more profitable in many cases to keep property empty as values rise sharply and then sell it for a substan-

tal capital gain. Other land-lords restrict their tenancies to short company lets. The enormous number of empty private sector homes in Britain has now reached an all-

time record of 500,000. In addition there are more than 115,000 empty local authority homes in England and Wales, enough theoretically to all but eliminate the homelessness figures. Around 26,000 have been empty for more than a year, including 9,000 in London. Some are unfit, some are awaiting repair by councils which have run short of cash and some—about 16 per cent—are being kept empty deliberately for more than a year by councils which want to sell them. time record of 500,000. In addi

Without legislation to release some of the frozen private sector property, the onus for providing rented accommodation to those without homes and too poor to buy will remain with local councils. How can their

local councils. How can their record be improved?

The first move, urged by both the Church of England's report on the inner cities and the committee of inquiry into housing chaired by the Duke of Edinburgh, would be to recycle cash from council house sales into the housing sector.

However, the Government is not alone in its claim that inefficiency is as much to blame as shortage of cash for the volume of long-standing empty public housing stock. One radical way of putting councils under pressure, considered by officials but not yet adopted by Ministers in not yet adopted by Ministers, is to legislate to give individual members of the public the right members of the public the right to compulsory purchase of property which has been empty for, say, longer than four or six months, at a very low valuation. The arches dwellers are not likely to use such a power. But people like the Director of Shelter or SHAC and the manager of Sobo Contrapolit could

ager of Soho Centrepoint could use it effectively if councils per-sisted in failing to use their housing for what it was in-

housing for what it was intended: homes.

Another problem causing concern is the destruction of existing council property, some of it under 20 years old, for social reasons. Hackney Council, for example, has blown up Northaird Point, a 21-storey systemblock of flats which has suffered water penetration and tenant water penetration and tenant dissatisfaction since it was built in the 1960s. But there are 100,000 flats like this in London alone and MPs are starting to question whether they might not be better temporary half-way

Lombard

A job insurance guarantee fund

By Samuel Brittan

ONE little-discussed item in the

One can agree with Lord Young that Redundancy Fund contributions of 35 per cent left employers to meet the brunt of redundancy — especially as many of them make severance payments above the statutory minimum.

But the matter should not rest there. The costs of any future redundancy to an em-ployer are a deterrent to taking

ployer are a deterrent to taking on more labour and contribute to the "non-employment mentality" so prevalent in many countries, not just Britain.

"If you go about Germany, you will see thousands of firms (and we have tested them) which have their order books fall with profits up by 50 per cent or more; but on being asked how many additional people they employ, you will receive a zero response. Any kind of additional investment is gut into robots to increase the rising productivity."

This observation comes from

This observation comes from Albrecht Graf Matuschka, of TRV, a Munich merchant bank

One reason for this mentality is the fear that if there is an adverse turn in business, or a change in technology, which makes it necessary to lay off these new employees, the redundancy costs will prove prohibitive.

Graf Matuschka has there-fore suggested an employment insurance fund along the lines already existing for export credits, such as the ECGD in the UK or Hermes in Germany. already existing for export force above a certain threshold percentage and/or wages by the UK or Hermes in Germany. less than another threshold National export credit were suggested. Since then a agencies insure companies, in "new classical" economist has return for a premium, against threatened to sort me out. The real "sorting out" is ference. These agencies are supposed to pay their way in normal years; but because of madequate employment which the supposed rubble interest. the supposed public interest are the main blot on economic involved the agencies are recovery, and which need to be guaranteed by the state, which makes up exceptional losses.

In the main blot on economic treovery, and which need to be guaranteed by the state, which makes up exceptional losses.

As in the case of exports Interest package of job measures, employment insurance would be announced by Lord Young, the Employment Secretary, last exports, the insurance would November, was the virtual windonly apply to newly hired ingup of the Redundancy Fund. Employers with ten or more to be implemented, full-scale workers will have to meet redundancy payments themselves, necessary. Graf Matusching gives instead of receiving 35 per cent dundancy payments themselves, instead of receiving 35 per cent from a Central Redundancy Fund. The savings will be used to help finance new job promodium schemes. But unlike UK National Insurance contributions it would only apply to newly-hired workers. He also suggests a base capital of DM 500m.
Under British conventions the

Under British conventions the guarantee fund would not count as public expenditure or contribute to the Budget deficit until it had actually been called upon to meet losses. Thus it would not compete for funds with other job schemes in the way that the doomed UK Redundancy Fund can be said to have done.

Fear of redundancy expenses is of course not the only element

is of course not the only element in excessive labour costs, But it may be easier to tackle than, may be easier to tackle than, say, basic pay or social insu-rance contributions, because it is a contingent liability which can be nationally pooled.

The stock objection from less discriminating free market economists will be: "If employment insurance is worthwhile. why do employers not go ahead on their own, without state backon their own, without state backing?" The answer is that there
are important "externalities"
ie, benefits not experienced by
the employers themselves. Even
if an employer is indifferent at
the margin as to whether he
takes on labour or not, the rest
of the community benefits from
a reduction in dole payments,
and the unemployed exin a work and the unemployed gain a work option not previously available. In a previous Lombard (Dec. 12), premiums for companies which increased their labour

US leveraged buyouts

From Mr R. Leutwiler Sir.—The success of US able. Looking at them super-ficially from the outside, everybody seems to benefit: the public shareholders receive cash for their investment with an appreciable capital gain, the providers of finance can expect much higher returns than they would normally obtain elsewhere, LBO organisers and a number of legal and other financial advisers earn not-negligible fees and commissions and the members of the and the members of the management team being now part-owners become more motivated through the potential appreciation of their personal

investment.
The new practice is, however, an extremely short-sighted one and contains many long-term exposures. These dangers are not those of default of the new private company. The manage-ment teams and the lenders usually take limited and well calculated risks only. The real problem is that these huge amounts of money that are changing hands are not invested in the actual businesses, in R & D or in increased produc-tivity. The debt burden of companies that go through a LBO is often such that the cash-flow (even after cost cutting programmes and improved cash management) is not ting programmes and improved cash management) is not enough by far to absorb the increased financial expense. The result is an uncompetitive product. The way out is obviously to sell assets or entire business segments. If the management does well in liquidating these assets, the net equity of the company appreciates and handsome capital gains are realised. Lenders are at the same time being repaid and the circle is being repaid and the circle is closed again.

The businesses that find a buyer however are being acquired at market value—rather than historic investment or acquisition cost—and the new owner has consequently to calculate with higher depre-ciation and interest expense. The result is once again a less

competitive product.
At a time when our society on both sides of the Atlantic has to fight against unemployment—which is to a great extent a result of higher efficiency and productivity in other parts of the world—the question is asked whether we chevild not concentrate ourshould not concentrate ourselves to meet the competition challenge through increased investments in our existing businesses? Can we afford to ait duietly and watch how viable corporations are being torn to pieces by corporate raiders. LBOs and similar mechanisms? After all, do any of these After all, do any or these financial transactions produce anything else than short-term profits to a handful of investors? How much damage has to be

Letters to the Editor

be obliged to introduce controls which unfortunately will have many other negative side effects to our system of free Rudolf G. Leutwiler. 7, ch. du Pre-Poiset, 1253 Vandoeuvres, Geneva, Switzerland.

Sikorsky and Westland

From Malise Graham Sir,-In 1981 United Technologies earnings per share were \$3.85. For the first six months of 1985 they were \$1.29 and for the year just ended are estimated in the range \$3.00-

The chairman attributed this approximate 40 per cent decline approximate where the teetine in real earnings largely to the "disappointing" performance of the Sikorsky division — the "jewel" acquired from Textron at the winding down of the Windows

at the winding down of the Vietnam war.

Outside observers have also questioned whether UTX has not expanded so fast that it has been unable to "digest" all its acquisitions. The dilution of effort and decline in cash flow raise the question how well can United Technologies fund and support Sikorsky's future development?

Thus shareholder and the national interest combine. Britain's priority task is to rebuild its capital base and purchasing power for the benefit not only of ourselves but that of the whole Free World. The European solution would be a

of the whole rree word. The European solution would be a notable step in that direction. It would break with the inex-plicable and debilitating prac-tice of the nationalised indus-tries and other companies dependent on government and the services of preferring foreign to domestic suppliers. Malise Graham. 40 Morris Road, Lewes, Sussex.

Electronic money

From Mr P. Frazer Sir,-It was kind of John Plender to devote so much attention to my book on plastic and electronic money (Lombard, December 30). I do not how-December 30). I do not, now-ever, think he is quite right in saying that I offer no thoughts on how to control the night-marish scenario of personal customers switching their money between institutions, and even between countries, at the touch of a button. the touch co a button.
In fact, as I say in the book,

technology provides an answe to the problem that it is creating. The concept of relationship pricing—pioneered by Citibank in the States and halfheartedly taken up by some of the big British banks—rewards customers for concentrating their banking business at a single institution.

So, once their computers can link together several different accounts held by the same individual, financial institutions will be able to offer genuine loyalty bonuses to discourage account switching. Such tangible rewards will

in any case be needed to cope

tional inertia (described by bankers as loyalty) displayed by personal customers.

If banks still fail to keep If banks still fail to keep their customers' money in the country, however, then the authorities may indeed think it necessary to re-introduce exchange controls. Unlike John Plender, though, I see no reason why these should not be effective, for electronic money—although capable of crossing frontiers invisibly at

crossing frontiers invisibly at the speed of light—does leave an identifiable trace. For the dedicated currency smuggier there is still nothing to replace yesterday's technology — good old-fashioned cash.

Patrick Frazer. 36 Old Deer Park Gardens. Richmond, Surrey.

Demonstrations in Peking From Mr Z. Lan

Sir.—It's really good to read your China survey (December 9) which is so objective and yet to the point. Especially as I am a native of Wuxi, about which you have an article intro-ducing it as the Little Shanghai. As an economist, I disagree as an economist, I magree with what you said about "other's success as an insulting defeat of China" or foothall rioting as Xenophobia. I think this is based on a superficial impression. My personal opinion is that they have degree causes. deeper causes.

Of course, the Peking stu-dents: demonstrated against Japan on September 18, 1985, and students of Ori'an and Wuhan followed suit. Yet, it was not because the students felt Japan's success as an insulting defeat for China. Actually a national record for such a W. Germany was a great suc-Germans are also doing big 2 Greenway, transactions with China. Then | Weston Favell, Northampton.

why not against W. Germany? Is it because of the huge trade deficit with Japan? Partly yes. China has trade deficits with not only Japan, but US, EC, even Hong Kong and others. So why no demonstrations against these? It is because Japan's inten-tion to monopolise the Chinese

At the same time, the overall

market and its unwillingness to invest in or transfer techno-logies to China angered the Chinese who saw the W. Europeans and Americans willing to transfer technologies and know-how to China and invest in China although there are deficits in trade with them. At least, they are willing to give a hand in China's modernisation programmes.

This is the deciding factor in

the Chinese people's feeling to-wards Japanese businessmen, which was agitated by the film "Four Generations under one roof" depicting the miserable life of Peking citizens during the Japanese occupation. The film was shown during the summer to commemorate the anniversary of the end of the anti-Japanese war. And many young people learned of Japanese crueities through this. The feeling was triggered. It Japanese cruelties through this.
The feeling was triggered, I
think, by two incidents: a press
disclosure of the import of
5,800 Mitsubishi trucks of low
quality and Mr Nakasone's
official visit to the Japanese
shrine of the war dead.
All this just happened days
before the fiftieth anniversary
of the September 18 Incident
anniversary in China. This day

anniversary in China. This day is regarded as the beginning of Japanese military aggression. Every manager or official I met during my surveys on Sino-W. European joint ventures in China was dissatisfied with the crima was dissained with the arrogance some Japanese businessmen or young scholars showed. There is a popular resentment of the Japanese trade policy toward China. Zou Lan,

Department of Political Science and International Studies. University of Birmingham.

Expense account world

From Mr D. Middleton. Sir.-Nick Bunker's article on the expense account world of the £40 meal (December 21) reminded me of a recent experience when I entertained a business associate to a modest two-course lunch in a pub-restaurant at Madingley, near

The cost of the meal, preceded by a schooner of sherry and accompanied by a bottle of Beaune, was £41.11p. This included a cover charge of £1.20p, vegetables, £3.90p and potatoes £1.90p-modest portions at that! This must surely constitute simpie pub repast?



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GO STRAIGHT TO THE TOP

FINANCIAL TIMES

Monday January 6 1986



Terry Byland on Wall Street

Interest grows for banks

THERE SEEMS to be no end to Wall Street's passion for stocks in the money-certre banks – the very same stocks that seemed bout to disappear into the abyss only two years 2go.

Despite their strength over the nast 12 months, bank stocks featured strongly in the New Year

The stocks were not recommended on the basis of the excellent results for the 1985 final quarter, which will be disclosed before the end of this month.

Earnings for fiscal 1985 are likely to show gains of around one third at Chase Manhattan and J.P. Morgan, with smaller but still healthy increases at most of the other leading names.

The money-centre stocks are still rated a buy at the brokerage houses because the factors that boosted them last year are expected to remain in play in 1986. The principal factor was the olunge in US interest rates and the market's anticipation of the trend. Banks were repeatedly ful in holding prime rates steady for some weeks after money-market rates had dipped - indeed they are repeating the exercise at present.

But the money-centre banks also berefited strongly from an easing in the worries surrounding the loans to Latin American and Third World countries. The plan by Mr James Baker, US Treasury Secretary, helped to calm those fears and has received increasingly strong ac-ceptance on Wall Street.

Regional bank stocks are viewed more selectively. Those banks which have avoided the worst pitfalls associated with the domestic energy and farming loan problems have followed the oney-centre banks and are likely to continue to do so.

One reason that bank stocks should do well, at least in the early months of this year, is that last year's rise was surprisingly late in coming - always allowing for the wisdom of hindsight.

Falling short-term interest rates, which have been the motor behind rising bank profits and stock prices, made two false starts last year.

Only after Wall Street decided that US rates would be allowed to fall as part of the Group of Five plan to lower the dollar did the downward slide in the money market reach full throttle.

Consequently, while bank stocks did well in the first nine months of 1985, they failed to match the gain in the Standard & Poor's 400 index - the traditional yardstick for comparison with industrials, over that period.

It was in the final three months that the money-centre stocks dramatically outper-formed the S & P 460, so that at the year's end, the money-centre issues showed an average gain of 34 per cent, against 25 per cent on the S&P index.

That is the heart of the stock market's case for expecting fur-ther gains in money-centre over the opening three months of the new year.

Surprisingly, bank stocks still seem to be relatively low-rated in the market, despite their strength over the past year. The average price/earnings ratio on-money-centre banks is still less than 50 per cent of that on the S & P. In mid-1985, the bank p/e ratios stood at a more normal 70 per cent on the S & P, so present levels indicate that there is room for a further advance in stock

The scope for improvement ranges widely. Citicorp, high on the list of the market's favourites, rates a p/e only just below 50 per cent of the S & P, while Chase Manhattan and Chemical New York fail well short of it.

Earnings ratios on the regional banks are mostly higher than the money-centre stocks, and the stocks have thus correspondingly less room for further cain.

Overall, the tank stocks, although the most interest-ratetive sector of the market, failed last year to match the performance of insurance, thrift and even brokerage stocks.

The omens suggest that they still have some catching up to do, and that last week's buyers of the money centre issues are away to David Gardner looks at the US-Mexico summit

Baker debt plan given boost

drid and President Ronald Reagan appears to have set the seal on mar-kedly improved Mexican-US relations, and to have given "new momentum." in the words of a senior US Administration official, to the structural economic reform. How-Baker Plan for relieving Third World indebtedness.

afternoon began and ended with two thundering 21-gun salutes. But placed to take advantage of the whereas gunpowder smoke from the opening cannonades threatened totally to envelop the arriving delegation, by the time of the parting howitzer salute, the wind was clearly blowing another way.

At the foot of Mr Reagan's helicopter, the two presidents even shared an unscheduled embrace, an important ritual in Latin American politics and diplomacy but one that had been ruled out because of the two men's difference in stature.

President Reagan emphasised that the US stood ready to assist Mexico, which owes \$96bn abroad, in tackling its financial difficulties, while Mr Jesús Silva Herzog, the Mexican Finance Minister, said afterwards that the talks "will help smooth our path in 1986."

Mexico's difficulties in servicing its debt, particularly in the face of falling prices for oil, its principal export, dominated the meeting. The Baker Plan, according to officials from both sides, was "the heart of

BY HUGH CARNEGY IN DUBLIN

changes in the use of informers by

on its unhappiness over the North-

tative role in the affairs of the prov-

Anglo-Irish agreement which for confer

They indicate the level of concern protest.

the Royal Ulster Constabulary.

Little detail has emerged of the talks between Mr Silva Herzog and Mr James Baker, the US Treasury Secretary and author of the plan to engineer new commercial and multilateral credit for Third World debtors who commit themselves to ever, Mexico believes the reforms it World indebtedness. is already trying to introduce fall The four-hour meeting on Friday well within this so far vague definition, and that it is therefore well

> plan's benefits Mexico's main caveats, officials say, are that the Baker Plan itself should not be seen as a solution to the debt problem, and that no such solution is imaginable without the restoration of growth to Latin Am-

> erica's econon A senior US official at the meeting insisted that the plan accommodated that need. "The Baker Plan is a very flexible approach, orientated towards growth, not austerity," he said. The US had "the impression that Mexico will take early advan-

> tage of it."
>
> More immediately, the US would fully support Mexico's efforts to secure new net foreign finance this year of about \$4bn, officials from both sides said.

> Relations between the two countries have been bedevilled over the past two years principally by differences over the Central America conflict and Washington's dismay over Mexico's growing role in the

Changes sought in N. Ireland

caused by the resignation from Westminster of Unionist MPs pro-

Mr Barry is co-chairman with Mr

meeting of the conference to ex-

press concerns after the conviction

prisoners are on hunger strike in

Mr Barry said in a radio inter-

one-judge, non-jury courts

MR PETER BARRY, the Irish For- fected nationalists from supporting

eign Minister, yesterday called the Irish Republican Army (IRA) strongly for changes in the one- and its political wing, Sinn Fein.

judge, non-jury courts in Northern That is seen as especially impor-ireland and said he wanted radical tant because the by-elections

It was the most explicit public testing at the accord are due on comment by the Irish Government January 23.

ern Ireland system of justice since Tom King, Northern Ireland Secre-

the signing in November of the tary, of the intergovernmental

Mr Barry's comments contradict of 27 Republicans jailed for from

an understanding that the two sides five years to life on the evidence of

would confine their differences to Mr Harry Kirkpatrick, a convicted

the privacy of the intergovernmen- Irish National Liberation Army kill-

tal conference set up under the er turned informer. Three of the

in Dublin that changes must be Mr Barry said in a radio intermade quickly to prevent more disafview that an anticipated announce-

Last spring's murder of Enrique Camarena, a US Drug Enforcement Agency undercover agent, by Mexican narcotics barons, apparently under the protection of senior po-lice officials, led to a near breakdown of diplomatic contact and a partial closure by the US of its 3,000

km border with Mexico. The most tangible decision so far to have emerged from Friday's talks is that Mexico will host an international summit of attorneys-general on how best to co-ordinate action against the drugs industry.

Central America, the issue that has dominated the three previous meetings between Mr de la Madrid and Mr Reagan, still presents an important difference, which is ac-

country's right to self-determina-tion – a clear reference to Nicara-The same official had earlier exgua. But in practice, Mexican ef- pressed the belief that Latin Ameriforts to promote that - through the can and West European opinion had Contadora group along with Colombia, Panama and Venezuela, and the Central American issue." Such through the talks in the Mexican rea a perception of Mexico's growing sort of Manzanillo it promoted last isolation, and faltering protagonism

ment that jury courts would be re-

introduced for non-terrorist crimes in Northern Ireland did not go far

These are really quite minimal

[changes] and in our efforts to build

up confidence in the administration

of justice we would be looking for

ich more than that," he said. Outlining what he called minimal

demands, he said he wanted the

present single judges sitting in the so-called Diplock courts increased

On informers, he said there

should be no convictions on uncor

proborated evidence; limits should

be set on the number of defendants

arraigned in a single trial; and the

duration of trials should be re-

duced. It was unacceptable that de-

fendants could be held as long as

four years before all appeals pro-

Street violence, Page 6

cesses had been completed.

again able to applaud the senti ments behind the Contadora pro cess in the knowledge that it is bogged down in procedural obfuscation, caused primarily by its own Central American allies, El Salvador, Honduras and Costa Rica.

Senior US officials in Mexical sounded unusually comfortable in their expositions of Washington's differences with Mexico over Central America, which centre increasingly on the war the US is waging by proxy against Nicaragua through the Contras based in Honduras and Costa Rica and the economic embargo against the Sandin-

One senior US Administration of knowledged by both sides, but on ficial explained that "the Mexican which they have seemingly agreed view emphasises diplomacy as the only effective method ... our view Mr de la Madrid emphasised at is that very strong pressure is re-the meeting the need to seek nego-tiated solutions to the region's con-most as though only nitpickers flicts based on each individual could distinguish between the two

year between the US and Nicara-on the issue appears to underlie the gua's left-wing Sandinista Govern-new ease with which Washington ment - have flagged.

The Manzanillo talks have been view of the region, and has added a suspended indefinitely, Mexico has much-needed glow to the two counwithdrawn from the front line of tries' bilateral relations.

Hart drops out of Senate contest

By Nancy Dunne in Washington

SENATOR Gary Hart, a candidate for the Democratic presidential nomination in 1984, said at the weekend that he would not seek reelection to the US Senate next year, but stopped short of announcing an outright bid for the presidential

Mr Hart, whose campaign for "new ideas" brought him close to beating former Vice President Walter Mondale for the Democratic nomination two years ago, is widely considered to be the front runne now that Sen Edward Kennedy has dropped out of the contest. He is expected, however, to face a clutch of attractive lesser-known candidates. including Sens Bill Bradley of New Jersey and Joseph Biden of Delaware, and New York Governor Mar-

Still burdened with a \$3.4m campaign debt from his 1984 presiial run, Mr Hart hinted broadly that he would enter the contest in 1988 and, in the meantime, concen trate his efforts on fund-raising and on our unmet agenda for the

"My work has yet to be done." he said, speaking at a well-orchestrat-ed press conference near his picturesque Colorado log cabin. "As I forge some role to help move our party and our country into the future, I won't be coy about my plans," he

By withdrawing from the Colors do Senate race, a contest he insisted he could win, Mr Hart leaves open a key seat in the coming battle for control of the Upper House. The leading contender to fill Mr Hart's seat is Democratic Representative Timothy Wirth, a leader on telecom munications issues in the Hous and one who may be attacked for his role in the unpopular break-up of the Bell telephone system.

cans will seek their party nomina-tion for the Senate seat. The best known is Representative Ken Kramer, a four-term Congressman and a leading advocate of the US Strategic Defence Initiative.

into leak at nuclear plant

Continued from Page 1 tion to the eyes, skin and respirato

A Kerr-McGee spokesman said

The incident is believed to be the radioactivity to escape. It was later

THE LEX COLUMN

The blades out at Westland

The struggle for the future of Westland has long ceased to be a straight reconstruction exercise, in the manner of the last Cuckney/Lazards joint effort at John Brown, and has begun to resemble a con-tested takeover à la Dunlop. The revised recapitalisation terms involving UTC and Fiat, which will be presented to the public today and to shareholders formally on January 14, are most unlikely to be the last word on the subject. Too much political and industrial capital has gone into the rival proposal from the European consortium for Westland to vanish from the news pages for eight days.

As it is, today's revised proposals whatever their legal status -should make up the financial disadvantages which the institutions and the creditor banks have been quick to detect in the American-Italian scheme. Given the rise in Westland's price to 85p, the 5p difference between the two subscription prices for the rights issue does not amount to much; however, in switching the UTC option over Westland equity to the shareholders - as in the European scheme - the institutions will now be left with a fully diluted shareholding equivalent to that pro-posed by the Europeans. As for the banks, it seems that the European offer on the conversion of debt will be matched. Presumably, the £5m difference will not bust the bank at Sikorsky or Fiat.

However, the real problem arises in the way the Westland board is set on presenting only the Ameri-can-based proposal to shareholders. Of course a single recommendation would be the board's responsibility; anyway, with two rival proposals neither would probably achieve the necessary 75 per cent approval, thus plunging Westland back into its hole. This does not mean that the institutions will not reject the proposal or the consortium take legal action, improve its offer or even buy some Westland shares. Indeed, it is hard to imagine either the UK Defence Ministry or the European companies being content to have acted merely as a stimulus to an improved proposal involving Sikorsky.

of Westland paper will depend as income, will be short of last year's but it might well save embarrass-much on the political and industrial 288.7m.

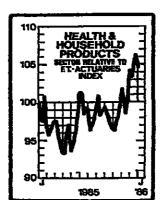
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environment in which the company operates as on the terms of the rewhich was quite content to consign the Foundation were restated at which was quite content to country the Foundation were acted to British 1983-84 exchange rates, profits Aerospace and the Royal Ordnance growth would still beat estimates to the market, has decided otherwise with a company much smaller; but Glaxo and Fisons in the pharmbut in the absence of firmer state- accutical sector. Meanwhile, if the ments from continental Europe, shareholders might consider that European collaboration needs the best standards of the industry— UK as much as vice-versa. They despite expenditure on research might also consider that Sir John that all but matches ICI Pharma-Cuckney, who more than anyone ceutical as a proportion of sales.

else was returned the value to their

At a multiple of 15 or 18 times e holdings, probably has sound management reasons for preferring the
Sikorsky-based solution.

At a multiple of 10 of 10 million will
pected earnings, Wellcome will
rank with Fisons equal third in sector market capitalisation behind

Wellcome

has the potential for going very fanciful in such a large capitalisa-badly wrong. Ever since the Well-tion stock. However, only 25 per come Trust announced its intention cent of Wellcome's equity is on ofof realising part of its holding, ev- fer, and none of that is being placed ery sort of contra-indication has appeared: the long slide in the dollar Burroughs Wellcome is a respected relative to sterling has overturned name. The last large pharmaceuti-assumptions about the 70 per cent cals company offered to the London of Wellcome's profits that arise in the US and about margins in the export business while rising spending while being a dollar play with the on drug research and development characteristics. has wiped out any remaining nomi- share price no harm.

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ISLE OF WIGHT

A single poor year in prospect would not much matter if the man-agement of the Foundation were communicating enthusiasm to the market. The opposite is the case. At times, the Wellcome board has seemed to be rubbing its hands at the dim short-term outlook while warning that new products in the research laboratories, even if effective are a long way from prescrip-tion. Of course, no business with Foundation would wish to start public life on a stock-market treadmill; but the Trust, and its advisers at Robert Fleming, must be worried that its 20 per cent might better have been left earning reasonable

But that is only half the story. If estruction. The Defence Ministry, this year's forecast performance by for the market as a whole and all At a multiple of 15 or 18 times ex-

Glaxo - where there are doubts about the continued phenomenal growth of Zantac - and Beecham. The offer for sale later this whose share price contains a bid month of the Wellcome Foundation premium that used to be considered

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Improved Sikorsky offer expected

Continued from Page 1 he continued to campaign in favour

of the European rescue package for Westland despite the Cabinet agree-

ment not to take sides.

He is, however, seeking to shift the public focus away from himself onto leading British industrialists following yesterday's approach by GEC and British Aerospace to the Westland board. He also backs the call for a postponement of the company's January 14 meeting to give more time for the European option to be considered and to gain

There appears to be no immediate question of either his resignation or dismissal but this could change if Mrs Margaret Thatcher moves away from her present de-

tached approach.

The Prime Minister has refused to reopen the question or to discuss it with him despite a request from the Defence Secretary for it to be reconsidered by a Cabinet commit-

The issue was not mentioned last Friday at a Cabinet committee meeting primarily called to discuss the Channel fixed link, even though the meeting was chaired by Mrs Thatcher and attended by both Mr Heseltine and the other main pro-tagonist. Mr Leon Brittan, the Trade and Industry Secretary.

World Weather

However, Mr Heseltine has the right to raise the matter at the Cabinet meeting this Thursday, even though Mrs Thatcher can cut off discussion. He believes that if the issue is fully discussed and, the Government takes a position, it is bound to be in favour of the Euro-

Mrs Thatcher's view seems to be that, since that decision is being left to the company, there is nothing more for the Government to say or do, and that Mr Heseltine is only isolating and injuring himself by

campaign.
Mr Heseltine's allies say he has not violated the letter of the Cabinet decision of December 19 which allowed him to deal with defence procurement aspects. He has not publicly questioned the way the matter has been handled by other ministers, and his letter last Friday to the European consortium was merely an amplification of the Minister's letter on

However, some of Mr Heseltine's colleagues, especially Mr Brittan's supporters, argue that the Defence Secretary is flagrantly undermin-ing the spirit of the Cabinet's approach by the extent of his inter-vention in the affairs of Westland and that therefore he should be told to be quiet.

Some senior party managers take this view given the possible damage to the Government and they want the affair to be over when Parlia ment returns next week. Mr Heseltine would be placed in

an even more vulnerable, and pos-sibly untenable, position if Mrs Thatcher this week instructs him not to make any further comment and if the January 14 meeting goes ahead with the Sikorsky/Fiat option being overwhelmingly

The Defence Secretary's current tactics are to stress the implications for British industry. This has been aided by the warning about possible adverse implications for British companies of the Sikorsky/Fiat option from Lord Gregson, the president of the Defence Manufacturers Association. Mr Heseltine is also clearly hoping that the initiative will now be taken up by GEC and British Aerospace to reduce charges of political interference.

Mr Heseltine has been careful to keep in touch with many of the leading defence specialists among Tory MPs, including the officers of the backbench committee, who have been active on his behalf.

US and Israel

given warning

had come from Libya. "They might have come from America," he said. "There are thousands of Palestinian

refugees in America."
"We support freedom fighters

Continued from Page 1

At least three Colorado Republi-Grant Thornton **Grant Thornton** Grant Thornton **Inquiry begins**

that a radiation survey of the area would be conducted, but a prelimi-nary study indicated that radioactivity was at normal levels.

most serious in the US nuclear in-Three Mile Island power plant near Harrisburg, Pennsylvania in 1979 That plant was itself closed yester day when a valve failed to open and allowed a small cloud with traces of



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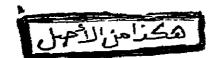
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ı		

particularly our brother Palestin ans, but we are not responsible for their attacks," the Libyan leader Mr Yassir Arafat, the chairman of the PLO which several years ago condemned Abu Nidal to death, claimed in an interview yesterday that Syria and Libya were behind recent terrorist attacks and hijackings

sums under covenant

nal profits growth for this year.

It is now more than probable that the Foundation's maiden set of intender, then the six merchant the foundation is maiden set of intender, then the six merchant than the six merchant that the six merchant than the six merchant that the six merchant than the six merchant that the six merchant that the six merchant than the six merchant that the six merchant th terim results in public hands will banks and brokers involved would show a pre-tax performance about do well to consider that path, Stags shareholders cannot take their earnings for the year to August, depy, and a tender might be some-money and run: the residual value pressed by the high taxation of US what brutta figura for Flemings.





SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Monday January 6 1986



Dutch bankers hail deregulation | Of Truffles and Perrier pipes

WHILE most Euroboard syndicate bond issues to have serial time Swiss and German markets into a respectable eighth position. managers headed for the ski slopes last week, bankers in the Netherlands stayed at home to usher in a World Bank issue, led by Algemene new liberalised era in the Dutch Bank Nederland, was well received capital markets, writes Alexander

had until the end of 1985 been fettered by many restrictions on the timing, nature and maturity of debt securities issues. The chains have not all been removed, but the appearance of every type of newly al-lowed paper on the first available day was an eloquent gesture of the markets' gratitude to the Government

Despite the initial rush, however. it is not expected that there will be a huge upsurge in bond issue vol-ume on the domestic Dutch market. With the bond market dominated up to now by the Government, borrowers are accustomed to being served by a well-established domes tic long-term loan market. And though Dutch institutions are currently quite liquid, there are plenty the domestic bond market, particularly at a time of booming equity markets across Europe and

Besides, Dutch investors already rank alongside the famed Belgian Morgan dentist as buyers of Eurobonds.

Nevertheless, the latest deregulation considerably expands the options available to borrowers and issue managers. An issue can now be having ht to market – provided there

Sueras Bank
Commercial
Standard Try tral bank to step in - exactly - when conditions are judged to be

Previously, there was a strictly enforced queue system in which an issue pulled from the calendar because the market was deemed unripe would then have to wait in line again for another two months or so.

The permission of bullet issues will make it immeasurably easier to arrange swaps. Since most international bond issues now involve a swap of some kind, the change will considerably enhance Amsterdam's attractions for borrowers.

Previously the authorities, concerned about distinguishing between money market and capital market instruments, had forced all Last week's FI 500m straight

licoli in London. floater, led by Amsterdam-The Amsterdam bond market Rotterdam Bank, met some resistance in some quarters because its let, with a 6% pricing, at % point above Liber with price of 101%. an 8 per cent cap, was seen as too aggressive. Both issues obtained broadly spread groups of co-manag- striking features of the accompaers including many leading Euro-bond issuing houses.

The commercial paper and certi-The commercial paper and certificate of deposit markets, though both saw new issues from ABN—though still dominant, dropped though still though still dominant, dropped though still dominant, dropped though still though still though still dominant, dropped though still dominant, dropped though still dominant, dropped though still though still dominant, dropped though still dominant still dominant still dominant still dominant still dominant still domin

changed on Friday. The yen sector has been among

while the Fl 250m Security Pacific a Y20bn issue from Ford Motor Credit. Nikko Securities (Europe) is lead-manager of the five-year bullet, with a 8% per cent coupon and a price of 101%.

market volume - up 71 per cent on 1984 at \$134.4bn - it is not surpris-

nying statistics, which were com-piled by IDD Information Services. The dollar's share of the market,

that were launched went well. Sec-ondary markets essentially marked franc market pushed the currency

both showed marginal gains where but the sharpest increase was recorded by the Australian and New Zealand dollars. Even though they the most active, with Friday seeing remain a small part of the overall market, the increase in the number of issues is impressive.

Amid such an increase in overall The growing role of the yen in the ing that there should be modest Eurobond market is one of the most variations in individual houses' market shares. Virtually every house in the market will have managed considerably more issues in 1985 than in 1984.

gan Stanley into second and third

_	TOP 20 EURO	BOND		AGERS				
		190				196	6	
•	\$6e Axecent	Renk	Market where %	lestres.	Shn Amount	Røck	Market Sharp %	feener
e First Boston	19.208	E(2)	14.3	163	12.633	(1) (8) (3)	16.7	83
Copital Marketo	7.924	(2)	5.9	48	4,302	(6)	55	26
thers	7.943	(2)	5.8	87	4,502	(5)	5.7	31
enk;	7.338 7.782		5.8	78	6,161	(A) (A)	7.8	26 31 70 24 47 21 37
ranky	7.712	(5)	5,8	62	5.987	(3)	7.6	34
ley lobs	8.526 5.410	(6)	4.5	63	5.504	- (4)	7.0	47
che	5. 410	Ø	4.0	41	2.373	(6)	3.0	21
urities	5.007	(B)	3.5	62	2.734	(F)	3.5	37
of Syritzeriand	3,835 3,376	(9)	29	26	0,390	(40)	0.5	5
bes ·	3.376	(10)	25	.56	1,456	(EI)	1.9	16
ities .	2.965 2.942	(11) (12) (13) (14) (15)	25 22	38	1.420	(14)	1.5	16 25 18 14 21 11
Back	2.942	(12)	22	5 1	1.127	ani	1.4	18
	2,546 2,545	(13)	1.9	23	1.254	(16)	1.6	14
mik s	2.545	č14Š	1.9	39	1.463	čtzš	1.9	27
hines Brothers	2.492	řeň	1.9	16	1.203	(16) (12) (17)	1.5	11
ri.	2416	(16) (17)	1.8	25 .	0.843	(23)	1.1	7
-	2.398	ÌΫ́	1.8	25	1.922	(9)	24	24
•	2.341	(18)	1.7	9	0.752	(24)	1.0	5
_	2.321	(19)	. 1.7	ě	0,446	ish	0,6	2
	220	(20)	1.7	32	1.036	(S7) (20)	13	22
عك	134,294	,	-	1,265	78,608	,	-	830

Lloyds Benk Yamaichi Industry Totala		2.321 2.242 134.294	(19) (20)	1.7 1.7	32 285	0,446 1,036 78,608	(37) (20)	1.3	22 830
Note: Full credit give	en to book rumner	r .							_
		EUROBOND I	SSUES BY	CURRENC	r	-			_
1985 Hank	Currency	Total raised (Sbn)	No. of Issues	1984 Rank		otal raise	d (\$bn)	No. of	
1	USS	94.155	661	. (1)		60.65		489	_
<u> </u>	DM Yea	11.188 7.019	165 30	(2) (8)		6.67 1.36		30 20	
-	Yen Ecu	6.797	127	(0)		2.63		20 62	
- 1	Sterling	5.493	60	131		4.13		4	
ě	A\$	2.134	92	. (3)		0.32		10	
. 7	Ċ\$	2.883	55	(5)		1.94		41	
1	FFr	1.111	21	Ħ		_		_	
•	1423	1.962	46	(10)		0,04		3	
46 .		0.780	47	`ret		2.40		38	

deal of the year, bringing its total to

Sibn. Its position remains unassailable all year. Surprise abounds
when Hans-Joerg Rudioff tells Euromoney that the Eurobond market
to pass a simple literary test. Salarise of Eurobond dealers who can
the years of death.

Ends is hailed as a major and exclusive innovation. The name quickly er is better than in Luxembourg proves justified, however. Buying and vote to turn the Eurobond mareven a very small portion of the ket into the Asiabond market.

age the mortgage and sell it in Eu-

deal of the year, displacing Nikko fixed-rate perpetual issue in the Eu- all.

is on the verge of death. ries of Eurobond dealers who can February: Merrill Lynch brings the do so double; the rest move off-

Securities at the top of the league rodollar bond market Bankers hail alles.

12am. CSFB launches its third deal of the year, bringing its total to Rotberg was only kidding.

13am. CSFB launches its third deal of the year, bringing its total to Rotberg was only kidding.

13am. CSFB launches its third deal of the year, bringing its total to Rotberg was only kidding. bond used to defend a company

announces that the market is not. US has become the 16th country eli-

bourg banks buy the list for a mail shot to find new clients.

October: Fuji Bank shoots surpri-

deal turns out to be highly expensive for participating houses.

June: Morgan Guaranty adds a loan league tables. It launches the ing the year. Deal of the year was a sive for participating houses.

March: In a desperate effort to remaking it a double back-somer for the Andorra Narrow Gauge % per cent under Libid for Papua duce the budget deficit, President suit. Sweden's Peter Engstrom Railway. In a fit of pique Citicorp New Guinea. This demonstrates wins the gold in the Eurogymnastics with a \$50n certificate of once again the depth and maturity deposit programme for its Singatics with a \$50n certificate of once again the depth and maturity deposit programme for its Singatics. CSFB launches its 100th deal of pore branch. the year every fitthe year – an international share November: Banque Nationale de called has been.

our Euromarkets staff conducted a launch their 10th deal of the year—survey of bankers' predictions for none of them has given co-managers. July: General Electric Credit Corp invites every member of IPMA to January: Sam. Credit Suisse First April: On the first day of the month, bid for a \$100m deal, but then Boston launches its first Eurobond the World Bank launches the first chooses the domestic market after the party of the month. The proposed invites every member of IPMA to Channel Tunnel is declared redundant to the first day of the month, bid for a \$100m deal, but then as a result, dashing hopes of the world Bank launches the first chooses the domestic market after the party of the month. national banks. But US banks still

December: Faced with the total faifrom an unwelcome predator. In e of previous efforts to curb the September: CSFB launches its US budget deficit, Treasury Secre-150th deal of the year. Mr Rudloff tary James Baker declares that the restructly merrial Lynch orings the of so double; the rest move off-first TRUFFLE to the market. The Transferable Revolving Underwriting Facility for Financing Loose

Applications for places at the Brussels School of Dentistry exceed modified to absolve all beneficiaries modified to absolve all beneficiaries supply by a factor of 10. Luxem-from any economic policy conditions for places at the modified to absolve all beneficiaries from any economic policy conditions.

Once again the Eurobond market has achieved a record volume with singly to the top of the syndicated \$300bn of new issues launched durthe year every floater that could be

EURONOTES AND CREDITS

Merrill adds currency twist to RUF

Société Lyonnaise de Banque, certificates of deposit in dollars or and Morgan Guaranty as dealers France's largest regional bank and European currency units, with an

Underwriters of the \$50m fiveyear credit will each be given the option every six months to receive, instead of the 10 basis-point annual County Bank and Credit Lyonby Lyonnaise in domestic French trale Nucléaire Européenne à Neutrancs. The option will apply to trons Rapides, the nuclear energy each \$1m amount underwritten, so agency owned by European electricité of that a bank underwriting this ity companies including Electricité rector at Chase Manhattan in Lonamount would be able to borrow, indee France, for a £125m loan with a stead of receiving its fee, the franc spread of 1/4 point above Libor for Euromarkets, is leaving Chase to

tion would be that participating banks and Lyonnaise guaranteed to the first West German borrower to

the revolving underwriting facility or receiving underwriting fees.

(RUF) in a deal being arranged by Merrill Lynch Capital Markets for RUF will enable Lyomaise to issue the revolving underwriting fees.

The multicurrency transferable facility. The company has appoint CSFB, with the focus on US ed Deutsche Bank Capital Markets borrowers. the country's 15th largest by assets, issuer-set margin at a maximum of writes Alexander Nicoll in London. 10 basis points above London interissuer-set margin at a maximum of

bank offered rates. The facility will

PepsiCo, the US drinks manufacturer, is also planning a substantial Eurocommercial paper programme of no fixed size through Salomon Brothers International, Swiss Bank Corporation International and underwriting fee, a line extended nais have been mandated by Cen- Union Bank of Switzerland (Securities).

the first three years and 1/1 for the remaining seven years.

Join Credit Suisse First Boston. He will be a director of CSFB on the quivalent of \$1m.

The effect of exercising the opremaining seven years.

Will be a director or tord on the based
banking side and will be based
succeptually in New York. He is ex-

A NEW TWIST has been given to lend to each other without paying arrange a Enro-commercial paper pected to work on developing new

EUROMARKET TURNOVER Turnover (\$m) 1,777.5 3,110.7 419.8 708.5 1.7 509,0 138.2 417.5 ndary Martet 10,4027 823.1 8,801.5 1,689.4 13,108.5 774.6 8,890.5 2,009.8 2,774.2 86.3 973.1 1,390.3 2,387.5 148.3 1,581.6 1,371.4

Total

December 1985

These Bonds having been sold outside the United States of America this announcement appears as a matter of record only.

Source: IDD Information Services



Swiss Francs 86 000 000 6% Bonds 1985-1995

SODITIC S.A.

BA FINANZ (SCHWEIZ) AG **BANQUE GUTZWILLER, KURZ, BUNGENER S.A.** BANK HEUSSER & CIE AG BANQUE PARIBAS (SUISSE) S.A. CHASE MANHATTAN BANK (SWITZERLAND) **CRÉDIT DES BERGUES** MANUFACTURERS HANOVER (SUISSE) S.A. SAMUEL MONTAGU (SUISSE) S.A.

Chemical Bank (Suisse) LTCB (Schweiz) AG

e 1

BFC Banque Financière de la Cité Bank Künzler AG Bank Oppenheim Pierson (Schweiz) AG Banque Bruxelles Lambert (Suisse) S.A. Banque Kleinwort Benson SA Banque Scandinave en Suisse Canadian Imperial Bank of Commerce (Suisse) S.A. **Great Pacific Capital** Hottinger & Cie The Royal Bank of Canada (Suisse) Volksbank Willisau AG

Bank in Langnau Bank Leumi le-Israel (Schweiz) **Bankers Trust AG** Banque Indosuez, Succursales de Suisse Banque de Participations et de Placements S.A. Barclays Bank (Suisse) S.A. Crédit Lyonnais Finanz AG Zürich Grindlays Bank p.l.c. Privat Kredit Bank J. Henry Schroder Bank AG

NIPPON KANGYO KAKUMARU (SUISSE) S.A.

AMRO BANK UND FINANZ

COMPAGNIE DE BANQUE ET

KREDIETBANK (SUISSE) S.A.

D'INVESTISSEMENTS, CBI

Citicorp Bank (Switzerland)

BANQUE PASCHE S.A.

Advisor to the Borrower: DREXEL BURNHAM LAMBERT INCORPORATED, New York



THE REPUBLIC OF ITALY

Zero Coupon Bonds of 1985, due 2005 of Swiss Francs 300 000 000

SODITIC S.A.

BANQUE GUTZWILLER, KURZ, BUNGENER S.A. BANCA COMMERCIALE ITALIANA (SUISSE)

Amro Bank und Finanz Bank Heusser & Cie AG Bank Oppenheim Pierson (Schweiz) AG Banque Indosuez, Succursales de Suisse Banque Pasche S.A. Chemical Bank (Suisse Compagnie de Banque et d'in Kredietbank (Suisse) S.A. Lloyds Bank International Ltd. Nippon Kangyo Kakumaru (Suisse) S.A.

Nordfinanz-Bank Zürich Turis AG, Finenz- und Verwaltungsg

Citicorp Bank (Switzerland) Handelsfinanz Midland Bank

American Express Bank (Switzerland) AG BA Finanz (Schweiz) AG Bank Leumi le Israël (Schweiz) Bank of Tokyo (Schweiz) AG Barclays Bank (Suisse) S.A. Canadian Imperial Bank of Commerce (Suisse) S.A. Chase Manhattan Bank (Switzerland) Dai-Ichi Kengyo Bank (Schwelz) AG Dalwa (Switzerland) Ltd. First Chicago S.A. Fuji Bank (Schweiz) AG Lavoro Bank AG LTCB (Schweiz) AG Morgan Stanley S.A. Nomura (Świtzerlend) Ltd. Sumitomo International Finance AG

Sumitomo Trust Finance (Switzerland) Ltd.

Crédit Commercial de France (Suisse) S.A. Samuel Montagu (Suisse) S.A.

Banque Nationale de Paris (Suisse) S.A. Internationale Genossenschaftsbank AG J. Henry Schroder Bank AG

Banca di Credito Commerciale e Mobiliare S.A. Banca del Semplone

> Banca Solari & Blum S.A. Bank in Huttwill Bank in ins Bank Langenthal Bank in Langnau Bank Neumünster Bank Rohner AG Banque Louis-Dreyfus en Suisse S.A.

Banque de Dépôts et de Gestion Crédit Lyonnais Finanz AG Zürich Great Pacific Capital Grindleys Bank P.I.c. E Gutzwiller & Cle **Overland Trust Banca** Rüegg Bank AG St. Galiische Creditanstalt Società Bancaria Tleinese Solothurner Handelsbank und Leihkasse Schaffhausen

Volksbank Williasu AG

Advisor:

FINEUROP spa

Chris Sherwell and Wong Sulong on the pressures facing a Malaysian entrepreneur

A triple challenge for Tan Koon Swan

of special relevance in these troubled times in Singapore and Malaysia: "You can be smart most of the time, but one stupid mistake can bring life-long

For Mr Tan Koon Swan, the Malaysian entrepreneur and politician, the stupid mistake, as he has confided to friends, was his involvement in Pan-Electric Industries, the Singa-pore marine salvage, hotel and property group now under threat of liquidation.

unreat of liquidation.

Pan-Electric was placed in receivership at the end of November with debts of \$\$400m (US\$188m). The group in which Mr Tan has an indirect 22.6 per cent stake, could not receivership at the end of Tan is commonly known, is widely regarded as a brilliant businessman with a strong loyalty to friends and commitwhich are fall has an indirect toyaty to riveness and commit-ent to the Chinese community, meet commitments to buy But in Singapore he is seen as \$\$140m-worth of shares, many a corporate juggler and a of them in Mr Tan's own listed buccaneer from up-country. companies, Grand United Hold-ings (GUH) and Supreme

corporation.

Pan-Electric's problems quickly from banks in Singapore, is indisputable. Last week he became a sensation because they threatened several broking firms and led to the unprecedented three-day closure of the second several broking firms and led to the unprecedented three-day closure of the second several broking the bulk of Pan-Electric's forward share purchase committees the second several broking the bulk of Pan-Electric's forward share purchase committees the second several broking the several broking the several broking the second several broking the several broking the second several broking the several broki dented three-day closure of the ments Singapore and Kuala Lumpur transfe Stock Exchanges. A lifeboat was The Si arranged in Singapore, and then a rescue plan for Pan-Electric was agreed between Mr Tan, the company's 37 bank creditors and Price Waterhouse, the court-appointed receivers.
According to Mr Tan's asso-

ciates, the past two months the agreement, to inject S\$8m have been "hell" for him cash into Pan-Electric beyond Apart from his corporate woes, the S\$20m he has previously he has had to fight to gain the leadership of the Malaysian Chinese Association, the largest Chinese political party. It was

party had been riven by bitter infighting for 20 months. "There were times when he was acting like a zomble, shuttling daily between Kuala Lumpur and Singapore, attending endless meetings, appeasing accusing bankers and top civil servants, as well as making lastminute political deals to ensure his MCA victory. The stress was too much and he made a couple of inappropriate remarks which only increased nervousness and suspicion in Singapore towards

That he is still under siderable pressure, particularly

ments were, as agreed, transferred to him personally. The Singapore and Malaysian brokers involved in the trans-actions in turn agreed to roll

originally planned, he faces another difficult deadline under the S\$20m he has previously committed. After that, Price Waterhouse can still call on Mr Tan for another S\$12m, and there is considerable specula-



to meet these obligations.
Indeed, to many people remains possible that both his business empire (if one can still describe it as that) and his newly acquired political authority will disintegrate. Others say that, with each passing day, his chances of surviv-ing appear more hopeful.

The mantle he now wears as political leader of the 5m Malaysian Chinese is his biggest asset. The Chinese community has been demoralised by the MCA in-fighting, humiliated by its diminishing influence within the Malaysian Government and squeezed

the tip of an iceberg of similar transactions built up by many entrepreneurs in Malaysia and Singapore. This fact is well appreciated by Mr Daim Zainuddin, the powerful Malaysian Finance Minister, who realises that the collapse of Mr Tan would almost certainly attons of 271m ringgit and himself is the strongest pro-

Mr Tan must now overcome three extremely difficult prob-lems if he is to wind down his business interests and concentrate on politics. He has pledged: The financial restructuring of Pan-Electric, the discharge of his forward contract commitments; and the protection against outside predators of his listed com-

He wants to raise a 100m ringgit (US\$41.5m) loan in the coming weeks to help meet the forward contracts as they mature. A large Chinese-controlled company is expected to make a loan stock issue, which would be underwritten by several prominent Chinese businessmen. The nationwide MCA network of 400,000 party members would be called upon to take up the paper, though they may take considerable

persuading.
To raise further funds and
to place GUH and Supreme in

have a domino effect. Mr Dann himself is the strongest proponent of boosting the local stock market.

Mr Tan must now overcome traded under present constant of the shares were allowed to be traded under present of the shares were allowed to be traded under present of the shares were allowed to be traded under present of the shares were allowed to be traded under present of the shares were allowed to be traded under present of the shares were allowed to be traded under present of the shares were allowed to be traded under the sha between 15 and 20 per cent of GUH and Supreme shares are held by Singaporeaus who might dump them at any price once they are relisted.

Mr Tan's close associates say the rescue of Pan-Electric con-tinues to pose the most urgent

problem, partly because of its huge debts, but largely because It is now under receivership.

"It's never easy to negotiate a deal when 37 banks are involved, each scrambling to get whatever they can for them-selves," said one Malaysian selves," said one Malaysian businessman. For their part, Pan-Electric's creditor banks say they will go along with Mr Tan as long as doing that offers the lesser risk, yet this is plainly a matter of faith.

Ultimately the banks, the business forms and the Singer.

broking firms and the Singa-pore authorities—together with figures like Mr Daim, senior Malaysian Chinese businessmen friendly hands, he is negotiating with Unico, the investing—have to make a judgment ment arm of the Associated about Mr Tan's integrity and

squeezed by a contracting Chinese Chambers of Comeconomy.

Equally important is the fact over a controlling stake in stand, there may be too much that Mr Tan's corporate dealeither company. Other business at stake not to press on hope-

Court approves **Baldwin** agreements

BALDWIN-UNITED, the financial services group operating under Chapter 11 of the US Bankruptcy Code, has signed a series of agreements which, it says, clear main ob stacles to its reorganisation plan.

The US Bankruptcy Court approved an agreement involving Baldwin companies, insurance reg-ulators and banks settling claims relating to non-payment of more than \$500m in loans to Balunit, a Baldwin subsidiary.

The loans were made in connection with Baldwin's purchase of MGIC Investment, a mortgage insurer, as part of an over-ambitious diversification plan. Manufacturers Hanover had previously raised objections to the reorganisation plan on behalf of the bank consortium. Banks involved in the loans were paid on December 31 with proceeds from the sales of MGICs mortgage guaranty and municipal bond busi-

The court has also approved set-tlements between Baldwin and Merrill Lynch and other brokerage companies which sold Baldwin an-nuities, and which had filed in court to reindemnify claims.

As a result the brokers would withdraw their claims and any obections to the reorganisation plan,

Icahn becomes TWA chairman after passing final hurdle

BY PAUL TAYLOR IN NEW YORK

investor, has become chairman of wage and benefit concessions with TWA, the struggling US airline, af. Mr Icahn. ter overcoming a last-minute stum-blingblock with the air carrier's pilots and winning management approval for a revised and scaled-

Under the terms of the final resigned. agreement, which comes seven ing common shares paying minori-ty shareholders completely in preferred stock.

emerge with \$750m in cash avail-

net loss. TWA also faces the prosof flight attendants - the only TWA

MR CARL ICAHN, the Wall Street union which has so far not agreed

The Wall Street investor, who all ready had a seat on the six-mem TWA board, became chairman after he won control with two supporten down no-cash partial merger deal. when two other board members

The two board members who quit conths after Mr Icahn first will remain on a standing commitlaunched his bid for TWA, Mr tee and continue to represent the Icahn, who already owns 52 per interests of the remaining public cent of TWA's stock, will acquire up shareholders with the right to re-to half the remaining 24m outstand-view any merger or other trans-

The agreement with the pilots union came after key negotis Mr Icahn had originally planned over how seniority rights at TWA to acquire all the remaining out-would be protected should TWA ing shares for \$19.50 in cash take over another airline or itself be and \$4.50 in preferred stock each. acquired. Mr Icahn approached By not offering any cash in the final both Northwest Airlines and Amerideal Mr Icahn and TWA should can Airlines earlier last year.

The pilots' agreement followed able from planned financings being contract settlements with the interput together by Drexel Burnham national Association of Machinists Lambert, the Wall Street invest- and Acrospace Workers.

TWA, which has some of the This cash could be crucially im- highest labour costs in the US airportant to TWA which is expected line industry, has negotiated conto report a sizable fourth-quarter cessions totalling about \$150m a loss and a \$140m to \$150m full-year year, but Mr Icahn hopes to raise year, but Mr Icahn hopes to reise these savings to about \$300m a year pect of a threatened strike by mem-bers of the independent federation from flight attendants and non-

Chase in link with Cedel

CHASE MANHATTAN Bank cial paper. Like the Chase/Cedel has joined forces with Cedel, system, which takes effect the Luxembourg-based Euro-immediately, it would avoid the bond clearing house, to provide a same-day settlement service ment of paper. Chase and Cedel for issuing and trading Euro-allow for same-day physical

growing market in such securi-ties—short-term notes issued by sovereign or corporate bor acts as issuing and paying rowers on the Euromarkets in agent for the Euro-seculities. a similar fashion to the vast US Details of sales of paper to commercial paper market.

also announced plans for same-day settlement of Euro-commer-the day of issue

urgently needed to assist the development of the rapidly growing market in such cases and a such case and a such cases and a tary for Cedel, which has some 1,500 investors as clients. Chase

Euroclear, the rival Eurobond and communicated through a clearer based in Brussels, has direct computer link, enabling

Gotthard Bank Lugano ahead By John Wicks In Zurich

NET PROFITS of Gotthard Bank, Lugano rose by 17 per cent last year to SFr 34m (\$16.4m) following an 8 per cent rise in the balance sheet total to almost SFr 4.5bn.

The Japanese-controlled bank, traditionally the first Swiss bank to amounce its annual results, booked a jump in gross earnings for 1985 from SFr 71.3m to SFr 110.5m.

This includes an extra-

Further suit in UPI battle

agency were moving ahead

New York communications com-pany, alleged in a suit filed in a November 12 deadline. a district court last week that the winning bidders had conspired with executives at UPI on the suit beyond saying, to foll what it claimed was its superior offer.

UNITED PRESS INTER- newspapers, and Mr Joe Russo NATIONAL said plans for a a Houston real estate developer Mexican publisher and Texan Mr Vazquez Rana has pledged builder to take over the news to take the news agency out of bankruptcy code protection and

agency were moving aneau despite a \$975m damage suit filled by a rival group of bidders, Reuter reports from Washington.

Financial News Network, a Network of the Various and behalf of itself and six other investors had failed to meet

The agency refused com pending between the various

NEW INTERNATIONAL BOND ISSUES

Borrowers	Assumt	Maturity	Av. life	Coupun %	Price	Book Rymner	Offer yield
E.S. DOLLARS IFC** ‡ SNCB 1‡	50 50	19 9 5 1981	10 5	8Y4 (b)	997L 180	ISJ Int. Marril Lynch	9.275
SWISS FRANCS THT Lad. ¶ EX Capital (c) §	300 mex 180	1998 2901	=	(4%) (5%)	(120) 100	Soditic Bae Getzwiller, Kurz, B.	•
GULDENS Security Pacific (a) †‡ World Bank ‡	250 500	1996 1993	10 7	1/e 51/2	180 9914	Amra Sank ASH	8.837
NORWEGIAN KRONER City of Osio	200	1996	71/2	18	•	Union Bit of Mareney	•
19XEMBOURG FRANCS Swedish Export Cr.** ‡	396	1991	5	8%	180	BR.	8,756
YEN Camedian Pacific ‡ Ford Mater Gradit ‡	10hn 20hn	1998 1991	10 5	674 574	191 1617s	Yamaichi Int. (Eur) Nikko Seus. (Europe)	5.610 5.488

This includes an extraordinary dividend of SF7 40m

UPI announced last month parties involved in UPI's
paid to the Lugano bank by its
Bahamas subsidiary Gotthard
Bahamas subsidiary Gotthard
Bahamas subsidiary Gotthard
Bank International,

"Mot yet priced. Final terms. " Private phosessent. § Convertible. † Hosting rate nots. ¶ With equity warrants. Ø With bood warrants.

"Not yet priced. ‡ Final terms. " Private phosessent. § Convertible. † Hosting rate nots. ¶ With equity warrants. Ø With bood warrants.

"Not yet priced. ‡ Final terms. " Private phosessent. § Convertible. † Hosting rate nots. ¶ With equity warrants. Ø With bood warrants.

Bank International,

Dual extraction.

Bank International,

DECEMBER 1985

U.S. \$100,000,000



Hawley International Finance Limited

Revolving Multicurrency Transferable Advances Facility

Guaranteed by

Hawley Group Limited

Arranged by

Credit Suisse First Boston Limited

Funds provided by

Citibank, N.A.

Arab Bank Limited

Banque Française du Commerce Extérieur

Barclays Merchant Bank Limited

Allied Irish Banks pic

Commonwealth Bank of Australia

Dresdner Bank Aktiengesellschaft

Credit Suisse

Credit Suisse First Boston Limited

London Interstate Bank Limited

National Bank of Canada

The Rural and Industries Bank of Western Australia

The Sanwa Bank, Ltd.

S.F.E. Bank Limited

Société Générale

Crédit Lyonnais

State Bank of New South Wales

Union Bank of Finland Ltd

Facility Agent **Credit Suisse First Boston Limited** This announcement appears as a matter of record only.



Bahrain Middle East Bank (E.C.) U.S.\$35,000,000

Transferable Revolving Underwriting Facility Short-Term Negotiable Bearer Certificates of Deposit

Arranged by

Merrill Lynch Capital Markets

Lead Managing Underwriter

Burgan Bank S.A.K. - Kuwait

Managing Underwriters

Bank of Bahrain and Kuwait B.S.C. Co-Managing Underwriters

National Bank of Abu Dhabi

Kuwaiti-French Bank

Kuwait International Investment Co. s.a.k. Arab Banking Corporation (ABC)

Frab Bank (Middle East) E.C.

December 1985

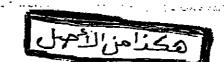
Alahli Bank of Kuwait K.S.C.

Banco Atlantico S.A. Industrial and Commercial Bank Limited Banco Saudi Espanol, S.A. ("Saudesbank") **UBAF** Arab American Bank

Principal Placing Agent

Merrili Lynch Capital Markets





INTERNATIONAL CAPITAL MARKETS

The second secon

US MONEY AND CREDIT

Sentiment still bullish despite year-end pressures

US BOND prices moved relatively little during generally lacklustre trading over the twoweek holiday period.

The "hangover" holiday trading provided a relatively Tare lull in the recent hectic pace of market activity - and an opportunity for investors to reassess positions against the backdrop of generally bullish forecasts from Wall Street's economic gurus.

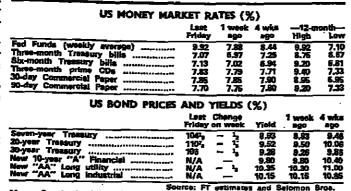
Perhaps the most significant market feature was how well prices held up in spite of the continued absence of a discount rate cut, a high Federal funds rate and year-end portfolio pres-

sures. In the Government bond market prices closed slightly lower on the week, but still marginahead of pre-Christmas

di series

A 15

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The price declines of ½ to ‡ points were largely explained by concerns about abnormally high funds rates. Seasonal factors pushed the fed funds rate up to an average of almost 13.5 per cent
"Behind this was the coinci-

dence of traditional year-end window dressing atti a scramble for funds at the end of a reserve maintenance period, which resulted in an unusually intense demand for bank reserves."

noted Dr Henry Kaufman, Salomon Brothers' chief economist.
These pressures were intensified by a surge in Treasury balances resulting from year-end settlements of state and local government non-markable issues (SLGs) as local governments across the US tried to beat an anticipated change in rules governing advanced re-fundings of tax-exempt securi-

The unexpectedly increase in Treasury balances could have further repercus-sions. In particular Wall Street economists were busy last week downgrading their estimates of

both seasonal reserve pressures, which normally appear in the later part of this month, and Treasury debt issuance during the first quarter.

Such revisions could have important consequences for market performance in intermediate term. But there are a number of more immediate hurdles to get over.

Heading these will be the Treasury auctions of seven- and 20-year securities tomorrow and Wednesday. While some market analysts believe the auctions could spark a long-awaited correction in prices, others remain convincingly bullish. Underpinning the still general positive sentiment of the market are the latest economic figures which con-

tinue to paint a mixed picture tinue to paint a mixed picture biased towards sluggishness.
Last week's statistics showed that, while a 1 per cent gain in November factory orders appeared strong, a 0.3 per cent decline in durable goods orders would have been disasterous had it not been for defence orders.

Meanwhile the November

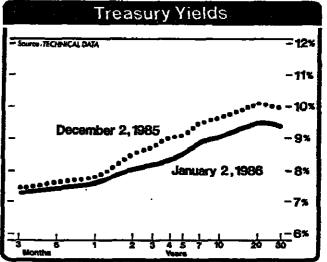
showed a smaller than expected gain. First indications are that Christmas retail sales lacked sparkle and the latest large trade deficits indicate that the positive impact on domestic manufacturing of the weaker dollar will indeed take time to feed through.

This week's economic offerings include the current unemployment rate, due out on Wednesday.

The bond market's other weathered eye will be on the money markets. The lack of a Fed discount rate cut is a dis-appointment—such a move has now been actively expected for over four weeks.

But once again the market has shown resilience. Treasury bill rates were marginally firmer last week—by between seven and 13 basis points—but private rates were unchanged to 15 basis points lower. Mean-while the Treasury yield curve

underpinning current market confidence is the belief that, despite the lack of a discount rate cut, the Fed has



eased - probably to a 7.75 per and the prospect that the US cent funds rate. monetary authorities are likely to further de-emphasise M1 and Accordingly market bulls like Phillip Braverman of Briggs Schaedle argue that, despite widespread dealer, speculator and chartist pessimism, any market retreat would present an investor buying opportunity. perhaps place greater weight on the better-behaved M2.

markets a bumper year went out with a bit of a whimper in very quiet trading. an investor buying opportunity.
The latest, holiday delayed, increase in M1 had virtually no Despite the inevitable luli in new issue volume the December total hit an unprecedented impact on the market which has already turned its monetary target sights towards Fed chairman, Paul Volcker's Feb-\$15.8bn, according to Salomon Brothers figures.

Paul Taylor

In the US corporate bond

UK GILTS

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Swatch 12, 88 100
Sumitomo Corp 107, 92 100
Sumitomo Fin 122, 91 150
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Taylo Kobs 117, 90 200
Texaco Capital 102, 93 200
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Tokai Aska 123, 91 150
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Tokyo Electric 82, 89 100
Vokot 84 113, 90 100
Westpac 123, 92 100
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Mippon Gil 3⁵- 98 50 95
Ono Pharm 3⁵- 98 90 95
Soc Gen Surv 4⁷- 94 ... 51 144⁵
Sumitoma Corp 2⁷- 99 70 142
Texaco Capital 11⁷- 94 150 99⁷
Tsugaen Corp 3⁷- 10 ... 20 95⁴
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Nova Scotia 113, 95 ... 100
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New Zeeland 1- 87

New Zeeland 1- 98

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Senve Bk 1- 04

Senve Bk 1- 04

Senve Bk 1- 94

Son Generale 1- 90

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CONVERTIBLE BOADS 1. Alinomoto 3 99 Sept Denki 5º 87 S. S. Dev Bank Sing 5º 98 Sept 19: 84 120 15 50 70 160 52 180 50 80 44 80 STRAIGHT BONDS: Yield to redemption of the mid-price. Amount issued is expressed in millions of currency units except for yen bonds, where it is in billions. RATE NOTES: US dollars unless indicated. Margin above elymonth FLOATING RATE NOTES: US dollars unless indicated. Margin above elymonth offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn—current

-2.35 -3.41 16.37 29.77 15.16 -6.88 6.78 -0.24 1.36 24.73 -2.67

Closing prices on December 31

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Under an oil price shadow

The gilt-edged market enters about oil was hardly soothed on 1986 obsessed by a single con-cern: the future of oil prices. announced the largest monthly Last week analysts and traders decline in foreign currency were still attempting to assess the implications of Opec's pre-Christmas pronouncements and resumption of normal trading in bond, currency and commodity markets today.

According to some analysts, fears of an early downward break in oil prices have intentified over the holiday break. Some who previously thought the oil price would hold steady at around current levels until late February or March are bringing forward their forecasts of a break towards \$20 a barrel.

The pessimists include econo-Rowe & Pitman and Stephen Lewis at Phillips & Drew. Lewis maintains there is a feeling in the market that "oil prices could go at almost any time." Harwood thinks the oil price "will crack very shortly down to about \$20." down to about \$20."

The gilt bears have some Malcolm Roberts, the chief The market's nervousness plausible arguments but there economist at Laing and Cruick-

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-53.13 222.14 8.66 -51.28 215.77 -15.96 73.61 69.32 17.46 27.50 24.07 17.40 20.85 12.32 -12.10

Ex. yield 11.03 10.38 10.03 9.67 10.71 10.16 10.68 9.93 10.14 11.72

reserves for three years. It now appears the authorities were intervening more heavily than previously suspected to defend the pound during December's oil price scare. oil price scare.

Even if oil prices do hold steady for longer than some suspect, the general air of un-certainty makes it inevitable that gilt yields will need to in-corporate a substantial risk premium for the foreseeable future. In such circumstances, the abnormal yield gap between gilts and US bonds is little comfort for UK investors.

A big worry at present is that foreigners could lose confidence in gilts. As Ian Harwood argues, there is a real risk that sellers. If the cry went up that overseas money was being pulled out, the effect on confdence might not be pleasant.

He thinks that worries about

oil are overdone. "Even if the price of oil falls further, the market should balance the benefit to worldwide inflation and interest rates against the loss of oil revenues and the fall

might focus on the surprisingly favourable funding outlook. In recent months City forecasts of the PSBR have proved hopelessly inaccurate. Many now accept that the Chancellor will hold public borrowing below £8bn in the current fiscal year. If he does so and sticks to the new Mansion House rules—in other words resists the temptation to over-fund—the Govern-ment Broker's gilt sales will be low relative to institutional cash flow.

Malcolm Roberts, the chief

cover. Mike Higgins of W. tive to the bullish undertone of the market. His central foregilts during the early part of the year could be "very bullish indeed."

He thinks that market should be a sticking in the 10 to 11 per cent

But he points to the possibility that weak oil and commocontinuing problems of debtor countries could lead to a burst of monetary accommodation in the US accompanied by multi-If the market could shrug off laterial interest rate reductions oil worries, more attention around the world.

It is more than possible, how-ever, that the UK could fail to benefit much from multilateral interest rate cuts. The shortfavourable but many analysts remain far from convinced that Britain's inflationary psychology has been broken. The gilts market will focus more closely on pay settlements than the RPI in coming months. With continuing turbulence in oil markets, the watchword is

Michael Prowse



Ashton Mining Limited

U.S.\$ 50,000,000

Revolving Underwriting Facility

For the issuance of U.S. dollar Euronotes

DG BANK Deutsche Genossenschaftsbank

Arranged by

S.G. Warburg & Co. Ltd.

Potter Partners

Managed by

Algemene Bank Nederland N.V. Banque Paribas

Credit Suisse

Kansallis Banking Group Standard Chartered Bank BankAmerica Capital Markets Group Chase Investment Bank

Italian International Bank Plc Mitsubishi Finance International Limited

Westdeutsche Landesbank Girozentrale

Westpac Banking Corporation

Algemene Bank Nederland N.V. Bank America Capital Markets Group Banque Paribas Capital Markets Chase Manhattan Limited

Citicorp Investment Bank Limited **Credit Suisse**

Elders Pacific Ltd. Italian International Bank Pic Lloyds Merchant Bank Limited

Missobishi Finance International Limited Morgan Grenfell & Co. Limited.

Sandi International Rank Swiss Bank Corporation International Limited.

·Westdeutsche Landesbank Girozentrale

Aristralia and New Zeeland Banking Group Limited Banque Broxelles Lambert S.A.

Banque Indosnez Barclays Bank PLC BT Asia Limited Chemical Bank International Limited **CIBC** Limited

Commonwealth Bank of Australia County Bank Limited Dai-Ichi Kangyo International Limited DG BANK Deutsche Genossenschaftsbank

First Interstate Capital Markets Limited. HongkongBank Limited Kansallis Banking Group Krediefbank International Group Manufacturers Hanover Limited

Merrill Lynch Capital Markets Morgan Guaranty Ltd.

Standard Chartered Merchant Bank S.G. Warburg & Co, Ltd. Westpac Banking Corporation

Tender and Facility Agent

S.G. Warburg & Co. Ltd.

Issuing and Paying Agent

The Chase Manhattan Bank, N.A.

FNFC rises 25% and returns to dividend list

dend for the current balf.

Mr Richard Langdon, the chairman, says that the group has surmounted the many obstacles resulting from the problems of 1973-75, and is in a position to take advantage of trading opportunities. "The outlook for the group is excellent,"

Based on the first two months of the current year, profits continue to show improvement, and 1985-86 should show a further increase in profitability. "given relative stability in trading con-

Neariy all of the profit increase came from the consumer credit subsidiary First National Securities, which rose from £13.18m to £18.39m. There was also a charge against this division of £4.69m (£2.82m), mainly representing interest on borrowings. The lending and property division was relatively static at £8.37m (£8.25m).

Group turnover excluding bank-

Group turnover, excluding banking business, came to £29.32m (£59.07m). There is a tax charge of £1.5m as advance corporation tax written off (nil), and after the £3.51m dividend payout, the group retains £17.06m (£17.6m).

With the remaining £32m lent by the Bank of England support group now repaid, First National Finance Corporation is unanudemanding prospective p/e fettered by constraints on the ratio of 9 on a nil tax charge.

First National Finance Corporation, the consumer credit, lending and property concern, saw profits increase by 25 per cent to a record £22.07m in the 1984/85 year, and is to pay the first dividend since its rescue in the wake of the 1974 secondary banking crisis.

A final dividend of 2.8p will be paid from basic earnings per share of 16.5p, a rise of 2.3p over last year. Fully diluted, the earnings figure comes to 15.5p (13.4p) for the year ended October 31. Shareholders also have field for the current half.

Earning assets stand at over £470m compared with £328m last year and nature of its borrowings. It has not been slow to £387m, reflecting the increase in the longer term funding. Shareholders' funds, after allowing for the proposed dividend, are at £52m (£34m).

Nearly all of the profit increase in the volume of new business. The result has been a rise of 40 per cent in profits from its consumer credit operations, firmly establishing the division, however, has not been slow to £470m compared with £328m last year, and its to pay the increase in the longer term funding. Shareholders of the proposed dividend, are at £52m (£34m).

Nearly all of the profit increase in the proposed dividend, are at £52m (£34m).

Nearly all of the profit increase in the volume of new business. The result has been a rise of 40 per cent in profits from its compared with £328m last year, and net current assets have more than doubled to £387m, reflecting the increase in the proposed dividend, are at £52m (£34m).

Nearly all of the profit increase in the volume of new business. The result has been a rise of 40 per cent in profits from its compared with £328m to £52m (£324m).

The result has not been slow to £387m, rates and nature of its borrowings. It has not been slow to £387m achieving a £52m (£34m). Earning assets stand at over size and nature of its borrow altered, with an increase in arm's length lending to property developers replacing windfall profits from the sale of blocks of flats left over from its once subnats left over from its once sub-stantial property portfolio. For the current year the group is broadening its scope with ven-tures into mortgage manage-ment, for which it sees big potential, and life assurance. A dip in interest rates would be a boon to the banking operations, but even without it profits of £25m would seem to be within easy reach, putting the shares on

SHARE STAKES

Changes in company share stakes announced over the past reek include: Cambium Venture Capital H. J. Horswell, director, has dis-posed of his holding of 229,477 ordinary shares.

Microvitee — Dr A. Martinez,
chairman, has completed the purchase of 100,000 ordinary shares

TODAY

FUTURE DATES

between 19 and 30 December bringing the total number of shares purchased by the chairman and other directors to 311,500 during December 1985.

Highgate & Job — Parsons & Co. has purchased a further shares making a total of 230,000 (23,72%), on behalf of Serisle Investments.

Chamberlin and Hill-J. K. Bather, director, has sold 5,700 ordinary shares at 58p and now holds 384,009 shares (10.843 per

Cluff Oli Holdings—J. G. Cluff, director, has purchased 10,000 ordinary shares. Alfred Preedy and Sons—S. M. Larrnder, director, purchased 5,000 shares at 108p on December 24 and 5,000 at 110p

on December 27.

J. Sainsbury—In the share stakes column on December 30 it was incorrectly stated that Sir John Sainsbury, a director of J. Sainsbury, had reduced his holding in the company by 271.430 shares. In fact, this reduction was in a non-beneficial Jan 6 holding, following his retirement
Jan 15 as a trustee of a charitable trust.

Application has been made to the Council of The Stock Exchange for up to 363,056 new free A-shares of FIM 20 each in Amer Group Limited to be admitted to the Official List.



BOARD MEETINGS

AMER GROUP LTD

SHARE ISSUE

6th JANUARY to 28th FEBRUARY 1986

NOTICE TO HOLDERS OF FREE A-SHARES

At the Annual General Meeting of the Company held on 20th December 1985 the shareholders agreed to increase the share capital of the Company from FIM 144,957,560 and to authorise the Directors to Issue new shares, each with a nominal value of FIM 20, by means of:-

(i) a capitalisation issue on a one for five basis increasing the share capital by FIM 28,991,520 to FIM 173,949,080 by the issue at par of 1,449,576 new shares consisting of 276,480 new K shares, 1,041,568 new restricted A-shares and 131,528 new free A-shares;

a rights issue on a one for five basis increasing the share capital by up to FIM 28,991,520 to FIM 202,940,600 by the issue of up to 1,449,576 new Ashares at FIM 50 per share. However if less than 1,202,546 new Ashares are subscribed the right issue shall large, and are subscribed the rights issue shall lapse; and

(iii) an issue to employees increasing the share capital by up to FIM 2,000,000.

Fractions of New Shares
Entitlements to fractions of new shares should either be sold or completed by the purchase of additional entitlements during the subscription period otherwise they will be disregarded by the Company and entitlements to new shares shall be rounded down to the nearest new share.

Capitalisation Issue
The entitlement to participate in the capitalisation
Issue is evidenced by Coupon No. 6 affixed to each
free A-share certificate. Each shareholder should
arrange for Coupon No. 6 to be presented at (i) any
branch of Kansallis-Osake-Panikki (other than the New York branch) between 6th January and 28th February 1986 or thereafter at (ii) the registered February 1986 or thereafter at (ii) the registered office of the Company. Upon presentation Coupon No. 6 will be surrendered in return for the issue of a capitalisation issue interim certificate credited fully paid. Dealings in Coupon No. 6 or the interim certificate shall commence on the Helsink! Stock Exchange on 6th January 1986. Dealings shall close on 21st February 1986, in respect of Coupon No. 6, and shall close immediately prior to the next Annual General Meeting of the Company which is expected to take place in December 1986, in respect of the interim certificate.

Rights Issue
(a) Subscription

The entitlement to participate in the rights issue is evidenced by Coupon No. 7 affixed to each free A-share certificate. Each shareholder free A-share certificate. Each shareholder should arrange for Coupon No. 7 to be presented at any branch of Kansallis-Osake-Pankki (other than the New York branch) between 6th January and 28th February 1986. Upon presentation Coupon No. 7 will be surrendered in return for the Issue of a rights issue interim certificate. Dealings in Coupon No. 7 nil paid shall commence on the Helsinki Stock Exchange on 6th January 1986 and shall close on 21st February 1986. Dealings in the rights issue interim certificate fully paid shall commence on the Helsinki Stock Exchange on 2nd May 1986 and shall close immediately prior to the next Annual General Meeting of the Company which is expected to take place in December 1986. No dealings in the rights issue interim certificate shall take the rights issue interim certificate shall take

(b) Payment
Payment should be made in FIM by one
instalment not later than 30th April 1986 at

any branch or Kansalis-Osake-rankou (except the New York branch). Interest will be paid at a rate of 12% per annum on payments received on or before 15th April 1986 for the period from payment to 30th April 1986. If payment is not made by 30th April 1986 the Dir will have recourse to certain remedies including charging interest at the rate of 15% per annum for the period from 1st May 1986 to date on which payment is received by the Company

Upon payment interim certificates will be receipted by Kansallis-Osake-Pankki and returned to the holder

Simultaneously with the capitalisation issue and the rights issue the Company is offering up to 100,000 new A-shares to its employees and pensioners (not resident in the United States of America or the Dominion of Canada).

Notice to US Shareholders Notice to US Shareholders

The Company's Free "A" shares have not been and will not be registered under the United States
Securities Act of 1933. Accordingly, new free "A" shares may not be offered or sold, directly or indirectly in the United States of America, its territories and possessions ("the United States") or to any national or resident thereof, or to any corporation, partnership or other entity organised in or under the laws of the United States or any political sub-division thereof, or to any estate, or trust, which is subject to United States federal income taxation regardless of the source of its income. However, arrangements have been made income. However, arrangements have been made to make a private placement of new free "A" shares with certain United States institutional investors who are existing shareholders of the company.

Definitive Documents of Title In connection with this Share Issue all old share certificates issued between 1974 and 1985 will certificates issued between 1974 and 1985 will be exchanged for interIm share certificates. The exchange begins on 6th January 1986. Holders of free A-shares are invited to leave their share certificates, together with the dividend coupons for 1986–1994 and share issue Coupons Nos. 8 to 10 at any branch of Kansallis-Osake-Pankki (other than the New York branch) not later than 28th February 1986. The interim share certificates will be registered in the name of their owners. In respect of existing free A-shares not registered, the shareholders must produce evidence of their entitlement. The new definitive evidence of their entitlement. The new definitive share certificates will be issued at the end of June 1986 at the same branch of Kansallis-Osake-Pankki

where the exchange was executed. Particulars relating to the Company are available in the Extel statistical services. A copy of the in the Extel statistical services. A copy of the Extel Card, which comprises listing particulars in accordance with The Stock Exchange (Listing) Regulations 1984 has been delivered for registration to the Registrar of Companies, and the brochure "Share Issue 6th January to 28th February 1986" prepared by the Company are both available to free A-shareholders from Coopers & Lybrand, Plumtrae Court, London EC4A 4HT.

Any shareholder who is in doubt as to the action to be taken should contact his professional adviser or the Company at Hyrylä Tuusula, P.O. Box 12, DF-04301, Finland for the attention of Joulto Rauman, Vice-President Group Finance. Telephone: 010-3580-255-311.

FINANCIAL TIMES STOCK INDICES

Jan.	Jan. 2	Dec.	Dec.	Dec. 27	Dec. 24	19 High	B5/6 Low	Since Co High	mpliation Low
Government Secs. 82.51	82,79	82,61	82.93	85,00	88.93	84.57	78,02	127,4	49.18
Fixed Interest 88.75	, 88,82	88,78	88.78	88,77	88,81	90,38	82,17	160.4	50.53
Ordinary 1149.6	1138,5	1151.4	1133,0	1125,3	1116.2	1149.5	911.0	1149.6	49.4
Gold Mines 257,6	257,5	249,8	246.0	239.8	243.0	536,9	237,9	784.7	43.5
FT-Act All.Sharo 690.80	686,62	682,94	681,88	676.10	673.30	702,06	581.88	702,06	61,92
FT-SE100 1429,8	1420,6	1412.6	1413.6	1398.9	1391,5	1455.5	1206,1	1455,5	986.9

ting the control of the forest of the second of the second

Beazer set to raise French Kier offer

C. H. Bearer, the fast-growing housebuilding group, is expected this week to unveil an improved this week to tinveil an improved and final offer for French Kier, the construction company, to value the group at about £130m. The revised offer is likely to be worth 270m in tash and shares, Sp above Friday's closing price, and £3n higher than the current and 43p higher than the current offer worth 227p a share.

By the end of last week, Beazer had received acceptances from owners of only 0.6 per cent of French Kier's equity. It already owns a 25.6 per cent stake in French Kier, bought last year from Trafalgar House Last Friday. French Rier pr.)

lished its defence document, which estimated that 1985 profits rose by 25 per cent to £20.5m, forecast a 40 per cent increase in the dividend to 8.6 per cent, and revealed a net assets figure of 246p per share.

Under Takeover Code rules, Beazer has until January 11 to make its final offer.

H. J. Baldwin ahead at six months

Taxable profits at H. J. Baldwin, clay and concrete manufacturer, increased from £45,755 to £55,130 in the six months to October 31 1985 on turnover up from £1.26m to £1.43m.

After tax down from £20,600 to £16,539, profit available to ordinary shareholders was £33,961 against £20,255. Stated earnings per 10p share were 0.96p (0.58p).

The directors say that orders for goods manufactured by the company showed a significant

INVESTMENTS' rights has been subscribed as to 6.1m shares (91.94 per cent), and the balance has been sold in the market at 30 p each.

Refuge Group has successful year

A SUCCESSFUL year for new single premiums down from life and pensions business is 261,000 to 250,000.

Business in the group's Industrial branch showed a strong trial branch showed a strong advance with annual premiums annual premiums rose marginally from 22.91m to 24m the source of the life.

The strong continued to even and annual premiums rose marginally from 23.91m to 24m in the year when this sector of the life market was dull. Single premiums showed a dramatic increase from £119,000 to £720,000.

ally from £3.91m to £4m in the year when this sector of the life market was dull. Single premiums showed a dramatic 1885. On assurances, its new increase from £119,000 to annual premiums nearly tripled from £351,000 to £980,000, while Peaslons business in the ordinary branch, mainly selfemployed business, participated in the general boom in that ness amounted to £15,000 of market last year, with new annual premiums and £38,000 of annual premiums up by half from £788,000 to £1.24m and single premiums almost doubling boosted by the inclusion of the frum £50,000 to £110,000. General business of Canterbury Life, annuity business was dull, with

Ensign Trust purchase

Ensign Trust, formerly Murray Growth, which is controlled by Merchant Navy Officers Pension Investments, is paying \$800,000 (5550,000) for a further 52,000 shares in First Colonial Bank-shares Corporation of Chicago. The move holds Ensign's stake

in First Colonial at 171 per cent and increases its investment in the US bank to \$8m.

closing price on NASDAQ last Thursday of \$19. The trust has also been The trust has also been granted an option to keep its stake at 17½ per cent in any future stock issues.

Mr Philip Henderson, Ensign's investment manager, said that First Colonial's management was exceptional in a small bank and extra funds would enable it to The US Dank to \$5m.

Ensign has bought the shares redressing the equity / assets at \$15.75 each compared with a ratio to above average levels."

Offer for Sangers Photo lapses

Mr Jeremy Peace's formal but placed some of the shares offer for Sangers Photographics to reduce his holding to 50.11 the USM-quoted group, received no acceptances and has been allowed to lapse.

Mr Peace bought a 76 per cent stake in Sangers in November, aim to acquire more shares.

Brent Chemicals Brent Chemicals International is paying up to £176,200 for Chemiec, a company manufactur-

£419,000 and profits were £20,000 before tax.

Brent will pay approximately

F.T. Share Information The following securities have been added to the Share Information Services: Cheshire Wholefoods (Section: Food, Groceries); Chuangs (Electriing chemical products for the printed circuit board industry.

In the year ended March 31, Chemlec's sales amounted to perty); Kakuzi (Trusts, Finance Land); Shandwick (Paper, Printing, Advertising); Tozer Kemsley 290,000 on completion, with the balance due after one year if (Overseas Traders); World of Chemiec's sales exceed £660,000. Leather (Drapery and Stores).

COMPANY NEWS IN BRIEF

LOW AND BONAR'S recom-

increasing this.

mearly 40 per cent in the six Mr John Horam, managing months to the end of September director, have joined the board 1985, on turnover up from of British Sulphur. \$647,000 to £798,000. The result, at £46,000 against £33,000, makes JOHNSON & MIGGINS has the directors confident for the full year outcome, and also allows the payment of an interim dividend of 0.8p per share next April. Earnings per share came out at 2.1p (2.25p) on increased capital. The directors also report that rental income is now in excess of £200,000 per year, and should rise. mended improved offer docu-ment is expected to be posted

CPS COMPUTER GROUP has sold Lamex Computing Services and Lamex Commercial Computand Lamez Commercial Comput-ing to 3X Systems for a con-sideration which is said to be less than 5 per cent of the net assets of CPS, which is quoted on the USM, as at the end of September 1984. Mr I, Lappin, managing director of the Lamez substitutes will be invited as subsidiantes, will be joining 3X which will trade as Lamex Soft ware, and in which he is taking a 51 per cent holding, as manag-ing director. CPS bought the Lamex companies in October last year for £180,000 cash and the issue of 50,000 20p shares.

WEEKS PETROLEUM has sold WEEKS PETROLEUM has sold its interest in exploration permit for petroleum N7/P2, offshore Australia, to Peko Oil and Kimberley Oil and Gas NL.

G. E. HEATH has completed the divestment of its Lloyds underwriting agency, C. E. Heath and Co (Underwriting) by way of a management buyout. The managing and members uriterwriting agency activities writing agency activities formerly carried out in Lloyds on behalf of the C. E. Heath Group are now being conducted independently by Cuthbert Heath Underwriting.

PALMERSTON INVESTMENT TRUST has exchanged contracts to acquire a freehold property at Leyland, Lancs, for £720,000 and financed by bank borrowings. The property comprises office accommodation let on a 20-year term from 1984. Current rental is £104,000 per annum with upward only rent reviews every five years. every five years.

COMMODITHES RESEARCH Unit (Holdings), a business consultant to the international metals and minerals industry, has acquired a 60 per cent state in the British Sulphur Corporathon, a consultant to the inter-national fertiliser and allied chemical industry. Mr John Lan-caster remains chairman of British Sulphur and will join the board of CRU. The new manag-

CENTRAL BANK OF NIGERIA FLOATING RATE NOTES DUE 1986/90 TO BE ISSUED IN RESPECT OF **CUTSTANDING TRADE DEBT** of the Notice, scoles in hereby given that is respect of the interest Period from Jenuary 6, 1866 to April 7, 1968, the Rate of Interest has been determined at 9% per except.

Landon, Jacobery 6, 1996 THE CHASE MANHATTAN BANK N.A. RSCALAGENT

> LADBROKE INDEX 1,155-1,159 (+13) Based on FT Index

WYNDHAM GROUP, the en-gineering and property company, is Mr John Segal. Mr Robert Bonar held 813,000 Cole ordinary has increased pre-tax profits by Perlman, chairman of CRU, and (approximately 25 per cent).

QUEENS MOAT HOUSES' recommended offer for Dean Park Hotels has been accepted in respect of 5.58m shares (50.32 per cent) and is now unconditional in all respects. It JOHNSON & HIGGINS has declared a 5.01 per cent stake in Willis Faber. J. & H says that will remain open for acceptance cash alternative remains open until 3 pm on January 7.

HARTWELLS GROUP'S rights received acceptances for 8.15m shares (about 70 per cent). The balance was sold in the market

ment is expected to be posted to Cole Group shareholders on Monday. It will remain open for acceptance until 3 pm on January 20, or such later date as Low and Bonar may decide. By 3 pm on January 2, the third closing date of the original offer, acceptances had been received mirespect of 16,287 Cole ordinary (approximately 0.5 per cent). At October 31, the date when the

🟴 Phillips & Drew (Trading) Ltd 💳

Phillips & Drew are pleased to announce that they are now able to offer a market making service through their International Dealer operation:

> Please see page 3 of today's **Financial Times** for details

Granville & Co. Limited

Takips & Drew (Trading) Ltd is a wholly owned subsidiary of Philips & Drewi

8 Lovat Lane London EC3R 8BP Telephone 01-621 1212 Over-the-Counter Market

P/E
Change Gross Yield Fully
Price on week div.(p) % Actual taxes 4,342 950 53,634 3,080 476 1,213 5,959 637 4,383 3,034 14,021 2,518 14,021 80,629 3,283 7,607 3,240 15.0 6.9 5.0 4.3 2.1 8.8 17.4 - 6.6 16.7 -1.0 30.8 - 9.2 20,247 724 1,200 1,635 1,473 6,594 16,921 4,968 7.5 1.3 5.0 6.5 8.7

<u>. The transfer of the grade of the property o</u>

EQUITIES 857 | F.P. 12/12 | 67 | 160 | F.P. 12/12 | 67 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 |

FIXED INTEREST STOCKS

price	odnik 18 up	ates date	198	5/6	Stock	Moning.	+0
97,903	€25	44	High 94 le	237	Alfied Lon, Props. 1613 latMort. Deb. 2925	25%	
44. \$100	F.P.	37/1	101	101 105	Brit. Assets 63 Uns. LR. 1990 Bunzi 75 Criv. Uns. Lh. 1995/97	105	:
198,797	F.P.	30/1 31/1	100% 98%	687 687	Essex. Water 11,5% Red. Deb. 1285-57. Do. 11,2% Red. Deb. 2005-02. Este. & Agency Lif. 19; Mort. Db. 2028	994 984	
499.518	F.P.	3/1 26.2	141s 99/4 4014	113, 99, 381	, intl. inv. Tst. Jersey Units Nationwide Bidg. 200, 11,5% 15/12/56 Research Gravoost 11% ist Sit Do 2014	39.5	ا مارات
199,706 93,545		98.9 9:11	4014 951 ₄	40 941	T. T. Financce 11/4 Gtd. Deb. 2818 Whitoreadiny.7%-13% Step. Int. Db. 15	9412	-4

RIGHTS OFFERS

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	tasue price	ald up	Latest Renunc.	198	5/6	Stock	Puloe
	21100	22		High	Low	<u> </u>	84 ;
	\$A3.76 110 280 145 32 68 120 30 260 475 260	F.P. F.P. NII F.P. NII F.P. F.P.	26/2 20/1 17/1 94/1 10.1 31/1 31/1 24/1	33pm; 11pm 364 185 15pm 71 3pm 35 34pm; 550 460	5pm 353 168 15pm 68 1pm 30 32pm 510 335	ANZ \$A1 Barham Group 2*gp Bastwood 15p Bodycote int in	38pm + 8 49pm - 1 340 - 2 25pm - 2 25pm - 2 2pm - 2 38pm - 2 38pm - 2 38pm - 2 38pm - 2 38pm - 2 38pm - 1
r I	165	Hil	' - '	mar	apm	Smith Bros	6pm '

Renunciation data usually last day for dealing tree of stamp duty. It has do no prospectus estimates. 9 Assumed dividend and yield. If for dividend cover on semings updated by latest interim statement. It Dividend Yield based on prospectus or other official estimates for 1966, I the dividends cover relates to previous dividend: p.y. ratio based on treat as semings. If forecast otherwise indicated. It issued by tender. If Offerse he of ordinary shares as a "rights." "I saved by way of capitalisation. If Plenton. If Reintroduced. It issued in connection with reorganization margumaterver. If Allotment price. If Dealt in under Rule 535 (3). If Dealt in under Rule 535 (4) (s). I Units comprising five ordinary and one warrant. "Comprising 12 preference shares and one warrant.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the ments except where the forthcoming board meetings (indicated thus') have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed 'Announcement lest year."

Date	ment leet	Date	ment last yeer
Associated NewspapersJan 9 Berisford (S. and W.)Jan 17 DaejanJan 18 Davy CpnJan 16 DixonsJan 16 Bectronic RentalsJan 9 First Nazional FinarcoJan 23	risent feet year Final 9.5 Final 7.0 Interim 6.0 Interim 1.1 Interim 1.92 Interim 2.2 Interim 1.567 Final due	*Magnet and SouthernsJan 16 Mercantile HouseJan 22 *Racal ElectronicsJan 28 Rank OrganisationJan 29 *Raters	Interim 2.0 Interim 4.0 Interim 0.756 Final 7.2 Interim 0.67 Interim 2.0 Interim 5.0
Tich LovellJan 24 SestatnerJan 18 Gold Fids SAFeb 5 Juinness (A.)Jan 15 Gulaness PestJan 9 JonthoJan 3		ForteJen 15 *Union DiscountJen 29 *Board meeting intim lesue since made. ‡ Tas lasue since made. ‡ For	Final 25.0 sted. † Right t free, § Scri

BANK RETURN

DEPARTMENT BANKING	Tuesday December 31, 1985	'	ncrease (+) or decrease (-) for week
LIABILITIES Capital Public Deposits. Bankers Deposits Reserve and other Accounts	£ 14,553,000 104,388,815 957,323,984 1,457,578,463	+++	£ 7,328,919 22,449,571 67,138,176
į	2,533,641,242	+	97,138,666
ASSETS Government Securities	557,518,771 768,544,168 1,800,731,720 6,828,014 429,969		908,600,000 163,613,603 144,685,892 2,437,033 63,996
	2,553,841,242	+	97,138,666

ISSUE DEPARTMENT

Notes in circulation Notes in Banking Department	12,863,175,986 6,823,014	- 587,562,967 - 2,437,038
ASSETS	12,870,000,000	- 690,000,000
Government Debt. Other Government Securities Other Securities	11,015,100 1,490,226,628 11,365,758,272	- 729,506,287 + 139,508,287
	12,870,000,000	- 280,000,000

CORRECTION NOTICE USS 200,000,000 CONTINENTAL ILLINOIS OVERSEAS FINANCE CORPORATION N.V. (incorporated with limited liability in the Netherlands Antilles)

GUARANTEED FLOATING RATE SUBORDINATED
NOTES DUE 1994
Guaranteed on a Subordinated basis by Continental Illinois Corporation

(incorporated with limited liability in Delaware, USA) (Incorporated with limited liability in Delaware, USA) in accordance with the provisions of the Notes and the Reference Agency Agreement between Continental lifinois Overseas Finance Corporation N.V. and Citibank, N.A., dated June 24, 1982, notice is hereby given that the Rate of interest has been lised at 8½% p.a. and that the interest payable on the relevant interest. Payment Date, March 27, 1986, against Coupon No. 15 will be US\$198.58 in respect of US\$10,000 nominal amount of the Notes. nominal amount of the Notes.

January 6, 1986, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANCO

Yes, you've told us how badly Distillers is run, but what makes you think you could do better Mr. Gulliver?

GULLIVER

ives

The changes that are necessary at Distillers are so far reaching, they can only be introduced from the outside. We've done this already with a similar company – Allied Suppliers, which we bought in June 1982.

They were, in some respects, the "Distillers" of the grocery trade, a very large company that had grown by amalgamations, but whose market share had been sliding downhill for years. People expressed doubt whether Allied's business could be improved.

Profits last year were 240% of profits three years ago. Our share price has more than doubled in the last 18 months.

QUESTION

But Distillers' stock market value is 2½ times Argyll's. Aren't you biting off more than you can chew?

GULLIVER

No. Allied Suppliers was also $2\frac{1}{2}$ times our size when we bought them. Yet we started to produce improved results almost straight away.

Nearly all Argyll Foods management are from Allied Suppliers. We provide the strategy and direction; they run the business. In the same way, we will identify the existing skills in Distillers, and give their management the leadership they require.

QUESTION

DENDS

Your reputation has been made in the fast-moving retail trade. How does this qualify you to nurture famous whisky brands?

GULLIVER

Our prime skills are in marketing and in general management. These skills can both be applied to diverse businesses. Our record proves this. Our senior executives have backgrounds in companies like Unilever, Procter & Gamble, Mars, and Beecham: some of the most successful marketing companies in the world. We understand long-term business building and world brand marketing. It is this kind of marketing skill that we will bring to Distillers.

But more importantly, we will bring the strategy and direction required to build Distillers into an international drinks business with a much broader base.

QUESTION

You claim to be able to revitalise Distillers. But how successful is your own Argyll drinks business?

GULLIVER

How do you measure success? We've taken our drinks business from £100,000 profit in 1980 to over £10 million profit last year. Return on shareholders' funds has increased from 3% to 34%.

Last year, Distillers Company (Home Trade) showed £0.5 million profit on their sales of £121 million. We made £1.3 million profit on our home trade sales of just £30 million. If we could do that when our lead product is a regional rum, imagine what we could do with the famous names like Haig, Dewar's and Johnnie Walker.

QUESTION

You've run businesses in Britain. But what do you know about international markets?

GULLIVER

I have had direct experience in North America since 1971, when I became responsible for retail interests there, in addition to being Chairman and Chief Executive of Fine Fare here.

In 1982 we bought Barton Brands, a Chicago based drinks company, and built upon their traditional business of bourbon and Scotch whisky. For instance, we developed Corona Extra, making it the fastest growing imported beer in the United States.

Distillers make a lot of their performance in the United States. But it has all been achieved by local distributors, not by them. It wasn't till 1984 that they decided to buy one of these distributors, paying some \$250 million mainly for the right to distribute their own brands.

QUESTION

Argyll has achieved its growth by acquiring companies—How do you answer that?

GULLIVER

We have a reputation for making good acquisitions, but our profits come from making these prosper. For instance, in our food business, since 1982 we've increased profits from £18 million to £44 million – with only £2 million of this resulting from acquisitions.

QUESTION

It is said you not only buy companies — but you also sell them.

GULLIVE

In the past 4 years we've sold peripheral activities for a sum of £17 million. That represents only 2% of the current market value of the Argyll Group.

Looking at Distillers, we don't see why they need seven prestigious offices in London's West End. We may sell some of those. But we certainly won't be selling any of Distillers' valuable brands or businesses. We want to build up Distillers' business—not take it apart.

QUESTION

What makes you so confident you will make money for Distillers' shareholders?

GULLIVER

Because it will be in the interests of our management to achieve this. Argyll directors are committed to our company's success. We own a total of £27 million worth of shares in Argyll and 180 of our senior management participate in a stock option scheme, with an average of 30,000 shares each. We all have a very powerful motivation to succeed—as will Distillers' executives with our management.

QUESTION

Shareholders are being bombarded with circulars. Is there to be any let up?

GULLIVER

The shareholders have my sympathy. But we hope soon to be able to reduce these mailings to two a year – telling Distillers' shareholders about their dividends and earnings.

Argyll. We can revive Distillers' spirits.

GELET HANNE HAEN ALL REASONABLE CARE 10 ENGLISE THAT SLICH IS Seere 1986 a signed accounts districted crockar may 198

WORLD STOCK MARKETS

	Ind	ices	
NEW YORK DOW 10	· 1985-86 Since Comp*n	Jan. Jan 3	Dec. Dec. 1985.86 31 30 High Low
Jan. Jan. Dec. Dec. 50 50 50 50 50 50 50 50 50 50 50 50 50	27 High Low High Low	AUSTRALIA All Ord. (1/1/60) 1920.4 1018. Metals & Minia.(1/1/60) 500.5 492.	
Home Brids 84.51 84.10 83.73 83. Transport 702.89 706.55 708.21 709.	(16/12) (4/1/65) (6/12/65) (2/7/62) 75	BELGIUM	(c) 118,6 6121,55 (25/11/48,21 (24/1/
Utilities 175,88 174,45 174,81 172. TradingVol 000-† 105,03 88,960112,660 91,9	(5/1/96) (4/1/65) (5/1/88) (28/4/42)	Brussels SE (5/1/80) 2800,56 2844,	
eDay's High 1557,11 (1551,96)	.ow 1534,98 (1523.74) : Dec. 20 : Dec. 15 year ago (aprox)	FRANCE CAC General(\$1/12/82) 275.50 287. Ind Tendance(\$1/12/86) 105.80 101.	
Industrial dividend yield % 4.12	4.12 4.12 5.00	GERMANY FAZ Aktien (51/12/56) \$18,74 848.9 Commerchank (1/12/56) 2025.9 1857.4	4 (c) 654.95 678.74 (5.1186) 562.58(3/1/16) (c) 1851.5 (2025.9 (3/1/16) 1111.8 (5/1/16)
Jan. Jan. Dec. Dec. 3 2 31 50	Dec. 1985-86 Since Comp'n		1 1752,45 1752,62 1791,25 (5,1/66 1228,74/2/)
Industrials 233.96 232.67 234.56234. Composite 210.88 208.59 211.28 210.	(18/12): (4/1/85x/18/19/85/(38/6/89)	FTALY Banca Comm Hat. (1972) 480.55 457.5	457.04 460.04 480.85(5:1:86) 228.56 (2:1:9
Industrial dividend yield 3.88	Dec. 18 Dec. 11 Year ago (approx.)	Nildtei (18,6,48) (c) (c) (c) Tokyo SE New ((1,1,88) (c) (c) NETHERLANDS	(c) (e) 15128.5 (17/12) 11545.2:5:1.1 (c) (d) 1057.55 (10/7) 318.93 (4:1/1
Industrial PIE ratio 13,51 Long Gov. Bond yield 9,29	14.77 14.00 10.42 9.55 9.45 11.36	ANP.CSS General (1978) 282.5 283.5 ANP-CSS Indust (1978) 253.2 250.4 NORWAY	(C) 255.8 282.6 (81/85) 185.8 (81/8 (C) 242.5 258.2 (8/1/86) 147.9 (8/1/8
N.Y.S.E.ALL COMMON	Rises and Falis Jan. 3 Jan. 2 Dec. 31	Osio SE (4/1/88) 585,24 885,00 SINGAPORE Straits Times (1888) 616,82' 812,1	
Jan. Jan. Dec. Dec. High Low 121,50 120,74 121,58 121,18,121,90 94,60	Issues Traded	SOUTH AFRICA JSE Gold (28/9/78) 1181.8 — JSE Indust (28/6/78) 1089.5 : —	1184.8 1149.6 1277.1 (25/11) 828.3 (6/4) 1887.7 1057.0 1069.5(8/188) 787.1 (7/3)
(18/12) (4/1/85) TORONTO Jan. Jan., De	New Highs	SPAIN Madrid SE (60/12/85) 199,85 101,0	å (c) 100,08 181,85 (2/1:86) 100,9:30/12/1
3 2 3 Metals & Minerals :2078.94:2067.1 207 Composite :2881.4 :2881.5 :2886	1 30 High Low 3.4 2979.7 2190,07 (15/2) 1740,82 (61/10)	SWEDEN Jacobson & P (11/58) : 1,799.16 1787.50 SWITZERLAND	
MONTREAL PORTIGUO 148,50148,81 141	1.85 141.84 148.07 (17/12) 17.00 (4/1/86	Swiss BankCpn(61/12/68) 698.5 (c) WORLD M.S. Capital Intl. (1/1/79) 256.50 —	(g) 587.9 608.5 (8/1/86) 388.7 (8/1/8 256.5 256.2 256.6 (8/1/86), 184.5 (4/1/8
NEW YORK A Change Stocks Closing on traded price day	Change Stocks Closing on traded price day	** Saturday December 28: Japan Ni	
Carolina Per 2,841,000 30½ - ½ Bell South 2,789,800 48½ + ½ Illinois Power 2,688,500 24 Sperry Corp 2,207,000 53½ - ½ Eastain Air 1,827,200 5¼ - ½	Union Carbide 1,736,500 75 +1% RCA	254.3; Asstralia All Ordinary and Mata	except: JSE Gold—255.7; JSE Industrial- is—500: NYSE AH Common—50; Standari lite and Metais—1,000. Toroeto Indica 83, 1 Excluding bonds. 3 400 Industrial Transports. c Closed. u Unavellable.
AUSTRIA	GERMANY	AUSTRALIA	JAPAN
1985:6 Dec. 30 Price Sch % 448 226 Credit stalt Pfd 428	1985/6 Jan, 3 Price Dm 274 . 100,5 AEG-relef	1985/6 Jan. 3 Price High Low Aust.	High Low Yes
614 530 Goesser 614 1,950 400 Interunfall 1,490 — Jungbunzlaner 42,000	2,500 861 Allianz Vers	5.93 9.28 ANZ Group 9.46x 2.46 1.75 Ampol Pet 2.35 1.22 0.75 Ashton	790 415 Ali Nippon Air 798 2,097 1,195 Alps Electric 1,740
805 835 Perimoser 745 225 144 Steyer Daimier 167 998 245 Velscher Mag 995	565 518.2 Bayern-Verein 565 547 ; 251 BHF-Bank 547 503 551 BMW 583 512 ; 187,5 Brown Boyerie 301,5	3.0 2.23 Aust. Guarantea. 2.45 3.0 2.23 Aust. Nat. Inds. 2.85 3.10 2.4 APM	975 723 Sank Tokyo 750 676 500 Bridgestone 524
BELGIUM/LUXEMBOURG 1985/6 Jan. 3 Price High Low Frs.	366.5 162.1 Commerzbank 366.5 173.2 114.5 Conti Gummi 166.6 1.261 593.5 Dalmier Senz 1261	2.05 0.97 Bond Corp Hidge 1.8x 3.96 3.06 Boral 5.3 3.49 1.51 Bougainville 1.92	2,060. 1,350 Caslo Comp 1,800 1,270 840 Chugai Pharm 979 760 605 Daiei 710
2,600 1,750 8.8.1 2,430 9,600 0,750 Banq Gen Link 9,600 9,400 5,440 Banq Int. A Link 9,400 9,010 4,880 Beksert B. 8,810	246,5 150 D'sche Babcook. 222 935 383,5 Deutsche Bank. 920 463,5 178,9 Dresdner Bank., 463,5	4.45 3.45 Brambles Ind 4.4 2.65 1.9 Bridge Oil 2.16 2.2 4.34 B. H. Prop 8.88	1,990 1,320 Dia lichi Kan. Bk.:1,610 337 197 Dia Nippon Ink 321 1,400 952 Dai Nippon Ptg1,380 995 552 Daiwa Housa 900 1,060 631 Daiwa Sec 775
3,060 2,260 Ciment CBR 2,825 267 182 Cockerili	268 147 GHH	6,5 4,28 CRA 6,68 8,25 2,54 CSR 2,65 4,5 3,60 Coles (C,J.) 4,4 8,88 1,6 Comato A 1,58	2,002 1,185 Etal
12,925 8,000 Electrobel	283 163 Holzmann (P) 525 283 163 Horten 224 472 , 27 Hussel 472	0.45 0.22 Consolidated Pet 0.22 2.5 1.25 Costain Aust 2.3	1,32C 808 Fujisawa 900 1,25C 866 Fujitsu
9.780 1.835 (68) [Bruch 2.425 4,695 3.030 [Generale Bank 4,750 5,250 3,575 [Gevaart 4,750 7,390 5,170 Hobotten 5,700 2,025 [Intercom 2,920]	368 205 Karstadt 358 368 205 Karstadt 358 343 247 KHD 336	2.72 1.86 Dunlop Olympic, 2.6 3.28 2.28 Elders IXI	2,450 I,600 Green Cross2,050 973 577 Helwa Real Est 820 893 630 Hitschi
00 600 0 600 14 14 14 14 14	622,5 361 Linde	3.84 2.33 Hardie (James) 3.4 2.5 1.59 Hartogen Energy. 2. 6.22 3.4 HeraldWy Times 5.14 2.35 1.84 ICI Aust	1,640 1,010 Honda
11,900 9,450 Pan Hidgs. 9,930 7,550 5,560 Petrofina 6,550 18,200 10,050 Royale Beige 17,350 2,416 1,616 Soc. Gen. Beige. 2,190 6,500 6,770 Sofina 8,050 6,560 5,770 Sofina 8,050 1,638 Sofina 6,180	294 144.7, Mannesmann 292.9 1134.5 509 Mercedes Hid 1, 253 364.6 217.5 Metaligesell 343 3,410 1,022/Muenoh Rueck 3,410 605 507.5 Mixxorf 580	0.39 0.22 Jimberiana F.P 0.23 0.39 0.1 Kia Ora Gold 0.17 	
1,658 870 Stanwick Inti 1,100 5,690 3,665 Tractionel 4,810 5,830 4,500 UC8 5,350 4,500 2,005 Wagon Lita 3,706	1,525 1,025 Porschel 1,265 356 237 Preussag 255 220,5 150 Rhein West Eject 205	7.10 4.86 Lend Lease 5.8 3.46 2.82 Milm Nickless 3.3 3.7 1.65 Myer Emporium, 3.5 5.10 3.40 Nat. Aust. Bank 4.58	980. 660 Jusco
DENMARK	760 ; 478.4 Siemens	9.1 5.25 News	790 548 K(rin
1985/6 Jan. 8 Price High : Low Knr. %	505 174 Verts 296 500 166.7 Vebs 300 155 122 V.E.W. 142 428 500 Verein West 428 499.5 189 Volkswagen 499.5	1.59 0.65 (Oakbridge	416i 316iKubota
418 257 Andetsbanken 418 725 520 Saitie Skand 550 353 259 CopHandelsbank 342xr 575 455 D. Sukkerfab 465	499.5 189 Volkswagen 499.5	1.80 1.07 Queensland Goal: 1.48 1.05 2.0 Reckitt & Colman 3.5 1.65 1.08 Repor	1,560 925 Marul
000 250 Danske Bank 394 1,480 1,055 De Danske Lift 1,480 270 129 East Aslatic 250 1,080 770 Forenede Brygg 1,075 256 88 Forenede Damp. 229	1985/6 Jan. 3 Price High Low Kroner 175 124 Bergens Bank 170	6.5 8.35 Smith (Howard) 4.5 2.9 1.71 Thos. Natwide 2.5 6.1 5.1 Tooth 5.2 4.6 2.75 Vamgers 2.9 4.54 2.62 Western Mining 3.24	1,790 1,380 Mrbishi Bank 1,470 572 343 Mrbishi Chem 535 709 512 Mrbishi Corp 610 410 334 Mrbishi Elect 343
685 325 GNT Hidg	469 335 Borregaard 467.5 183.5 134 Christiana Bk. 177 189 154.5 Den Norak Credit 185 155 93 Elkem 110	5,26 3,35 Westpac Bank 4,63 1,51 0,77 Woodside Petrol 1,2 3,58 2,85 Woolworths 3,4	1,240 539 M*bishi Estate 1,180 478' 234 MHI 380 1,280 930 Miteral Bank 1,060
1,165	257 : 171	4.00 3.12 :Wormad Intf 3.68	494 324 Mitsui Co. 434 1,140: 592 Mitsui Estate 1,070 362 185 Mitsui Tostu 211 736 606 Mitsukoshi 517
L 150 880 Sophus Berand 980 530 326 Superios 326	308 ; 217.5 storebrand 267.5	HONG KONG	945 671 INGK Insulators; 930 750 365 Nilko Sec
FRANCE 1985/6 : Jan. 3 Price	1985/6 High Low Jan. 3 Ure	High: Low H.K.S 27.2 i 19.2 Bank East Asia 25.3 21.6 i 10.6 Cheung Kon9 21.5	750' 365Nikko 3ec
High Low Frs. 1,776 1,489 Emprunt 448 1876,1,480 8,829.9 7,030 Emprunt 72 1876,7,290	26,600 16,400 Banca Com'le 24,100 540 65,5!Bastogi IRBS	17.4 12.5 China Light	999' 700Nippen 0il
605 : 439:BIC 545	5,980 2,066,Flat	14.5 5.40 HK China Cas 14.6 9.00 6.65 HK Electric 8.65 7.7 5.55 HK Kowloon Wh. 6.77 6.951 3.82 HK Land; 6.85 7.95 6.85 HK Shanghai BK 7.95	204 14-SNippon Steel 153 424 825 Nippon Sutsan 339 380 226 Nippon Yusen 318 566 570 Nissan Motor 575
1,078 602 Bouygues	5,150 24,220 Falcement	10.4 4.97HK Telephone 10.4 28.0 18.5 Hutchison Wps 27.8 1.0 : 0.65jintni City	548; 452 Nisshin Flour; 490 1,390; 885 Nomura
1,055 390.1 Club Mediter 495 2,827 470.8 Cle Bancaira 910 381 239.5 Coffimed 368.5		2.75 1.95 Orient O'seas 1.99 13.9 7.9 SHK Props	3,540 2,250 Orient Leasing 2,860
1,960 1,028 Darry	NETHERLANDS 1985/6 Jan. 3 Price High: Low Fis	82.25 20.3 Swire Pac A 32.25 8.1 5.1 TV - B 6.3 2.7 1.55 World Int Hidgs 2.65	1,400 960 Sankyo
5,130 1,810 Essilor	313 188.5 ACF Holding 313 123.2 78 AEGON	SWEDEN	701 3998appero 640 989 535/Sekisui Prefab 850 9,690 8,100/Seven Eleven 9,200 1,180 740/Sharp 917 481 221/Shimizu Constn. 360
3,080 2,221 L'Oreal	609.5 369 A8N	1985/6 Jan. 5 Price High Low Kroner	930. 642.\$hlonogi
1,980 ; 1,400 Matra S.A	206.5: 146.5.8rodero Cart	185, 106'AGA	866: 576 S'tomo Corp. 1' 778
116.5 51.3 Moulinex 70.1 188 72.2 Nord Ert 188 860 641 Perriod Ricard 860 563 417 Perrier 513 327 206 Petrolea Fra 291.4	195.5: 117.5 gisevier-NDU nv 191 88.5, 43.1 Fokker 79.3 304: 175.6 Gist Brocades 304	193. 97.Atlas Copco	169 138.5'tomo Metal 138 446 195'Talsei Corp 522 717 356;Talsei Marine 640
534 940 Peugeot S.A 554 439 177,5 Printempts (Au.). 439 434 212 Radiotech 454	81 57,2 Hoogovens 80,2 75 41,5 int-Mueller 75 64 47,3 kt.M. 65,8	510 191 Ericsson B	1,040 7851 akai 8056 1,030 6,650 552 4921 ekili 4,440 552 4927 ekili 495 1,300 922 Tos Nesryo 1,220
1,975 : 119_8 Redoubte	65 43 Maarden	520; 337.3sab.Scania Free 520 710; 315;Sandvik	1,900: 855 Tokal Bk
2,920 2,307 Telemec Elect 2,820 887 ' 410 Thomson (GSF) 982 590 230 Yaleo 381	414 258.5 Oce Grinten 414 37 25.6 Ommeran (Yan) 37 91.9 59.7 Pakhoed 91.9 62.9 48.3 Philips 62.9	180 131 Sonesson's	365: 150 Tokyo Gas
SWITZERLAND	86.2; 69.5/Robeco	328 211 Volvo B (Free) 328 SOUTH AFRICA	1,710 807 Toyo Selkan 1,590
4,750 2,330 Adila Int)	411 314 Unitever 411 290 142 VMF Stork 290 329 196,2 VMU 329 273 164,5 Wessanen 275	1965/6 Jan. 3 Price	1,800 1,000 70yota Motor 1,240 274 200 198 1ms 219 3,440 1,260 Victor 1,530 835 631 Yamaha 644 925 580 Yamaha 5020 4,450 2,480 Yamazak 830 788 351 Yasuda Fire 645
4,400 5,555 Blank Leu 4,400 1,950 1,580 Brown Boveri 1,890 4,450 2,470 Ciba-Geigy 4,450 3,340 2,030 do. (Part Certa) 3,340	125 : 81.5 West Utr Bank 68 SINGAPORE	2.05 1.15 Abercom 3.05 9.7 6.66 AF & CI	SPAIN
1,180; 505;Fischer (Geo) 1,145 121,750-85,500 Heff Roche Picts 121,758 12 200 8 275;Hoff Roche Picts 121,758	1985/6 Jan. 3 Price	62.5 39 Anglo Am. Cost 58.26 41.5 22 Anglo Am. Corp 41.6 696 151 Anglo Am. Gold 207 21 13.66.Barclaya Bank 18.75 14.6 9.6 Barclaya Bank 18.75	1965:6 Jan. 3 Price
2,350 1,590,1amol	1.86 1.02 Boustand Hidgs 1.10 5.32 2.54 Cold Storage 2.55 6.4 4.68 DBS 4.68 4.68 6.5 4.04 Genting 4.30 4.30 2.59 1.98 Haw Par. Brog. 1.77	3.5 5.0 Suffeis 12.5 3.5 1.5 CNA Galle 2.1 5.0 5.1 Currie Finance 4.75 18 8.07 De Bears 18	434 305 Boo Bilbao 119 349 305 Boo Central 349 220 192 Boo Exterior 211 177 141 Boo Hapano 157 450 330 Boo Popular 440
1,720 1,290 Cer Buehrie 1,450 403 259 Pireili 590 12,000 7,000 Eandoz (Br) 12 000	3.32 2.1 Hong Leong Fin. 2.40 2.74 1.47 Inchcape Bhd 1.49 1.24 0.86 Keppel Shipyard; 0.92 6.45 4.3 Malay Banking 4.42	85.75 39 FS Geduid	482 584 Box Santander 422 602 589 Box Vizonya 602 185.5 127 Descriptor
1,950, 1,000 Sika 1,925 (6,450; 3,785 Surveillance A 6,450 1,850; 1,048 Swissair 1,850	2.6 1.5 Malay Utd. Int 1.65 1.05 0.64 Mutti Purposa 0.67 9.55 7.05 OCSC	2.6 1 Protes Higs 2.35 51.5 29 Rembrandt 61.5	112 81.5/iberdueroi
600 356, Swiss Bank 600 14,600 B,375, Swiss Reinsca 14,600 6,520 1,430 Swiss Volksbk 2,600 8,425 3,580, Union Bank 5,425 5,250 3,10 Winterthur 5,250	1.78 1.0 Public Bank 1.11 2.16 1.24 Sime Darby 1.54 6.85 5.40 Singapore Press 5.60	16.00 10.25\$afren 13 21.25 6.1 Sage Hidgs 2.75 9.0 5.8 S. A. Brews 8.3 29.75 19 Smith (C.Q.) 25.5 7.45 6.4 ongaat Hujetts 7.40 6.35 1.15 Unisec 6.30	NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. # Dealings auspended, vid. Fr. dividual are Fee.
5,250 5,310 Winterthur 5,250 6,600 6,800 Zurich ins 6,600	3.79 1.24 Straits Trading 2.10 2.98 2.06 Tato Lee Bk 2.16 4.66 2.91 UOS. 5.16	7.45: 5.4 . engeat Hujetta. 7.40 6.35: 1.15 Unised. 6.30	suspanded. xd Ex dividend. xc Ex scrip issue. xr Ex fights. xs Ex all.

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C	ANA	DA															•				
S=	us State	High i,m	Desc Deg	Sales 5252	Stack	High \$254	سوا سوا 25°ء	Dese 2514	2	Sales	Stack D Laudiw B	High f \$18	lger 157a	Close 16	Cheg	Sales 3000	Stack Scotts !	11igh 5254	352	281.	Che
5)		RONTO		800 1000 149	Cons Gass Con Glass CTL Zank Corwst B	\$187 ₄ \$104 \$74	184 184 184 74	1814 1874 1878 1872	-14 -14	12305 8600 8077	Leigh Inst Lobiaw Co Lumonica	400 \$24 \$15%	15% 385 23% 17%	400 24 18	- 10	3400 27924 65407 4300	Scema C Seagram Sears Cen Sebuth A 1	\$250 ₄ \$860 ₄ \$115 ₇ \$24	2674 65A 111, 233,	2804 854 117; 24 279	•
5) 196 196	00 Abertord	\$16 151, \$74 7 \$16°s 16	774 - 14	1930	C Falcos (Coseka R Grownx	253 32294	15 15 15 15 15 15 15 15 15 15 15 15 15 1	151 ₂ 250 220 ₄ 221 ₄ 215	+ 1/4 + 1/4 + 1/4	3204 1455 30 83633	MICC McIgn H 2 McIn HY 1	\$133	350 145 133 241 21	350 145 ₁ 158 ₂ 241 ₂ 211 ₈	-39	18585 3225 5305	Shell Can Sherritt Southin	\$24 \$27 \$7	772	al.	-
- 960 100 5) 335 - 337	D Anno E	\$194 194 \$211-2 214 \$172 171	194 - L	7684 8000 19545	Crowns A Czer Res Deon Dev	\$220, 215 495 0 \$151:	206 490 151	405	+1	7580 1982 8500	Magmilan Magmil A Maritime Mark Spn	31578	21 15% 15	15%	+ + +	40140 20 6580	Sper Aero Steinby A ! Steico A	525° 535° 522°	351 351 371	22	-
337 545 54 882 - 300	Aloo Cent	\$16 157 \$40°, 40 \$20°, 20°,	, 15% 47%, +%, , 20%	9545 8200 5671	Dentson A Dentson B Develon Dicknen A	1 814% 55	1474	15°2 14°3 7°4	+ 16 - 16	5275 1500 4416	Mass Fer Mc Intyre Morcentil	300 540 \$74	151 ₈ 15 300 40 71 ₈	300 40 75 320 255 85 187 187	-5	6580 5430 73225 500	Sulptro Teck & ! Terrs Min Texaco Can	\$117) 265	171 ₂ 265 265 ₂	KANSELSKON BUKK	*
114 300 186 140	11 cost 80	\$20° 20 \$174, 115 \$105, 101	20 10 23 23 20 -1	171 4600 6406	Dicturan. B Dollaros Doma, Cala	\$ 577 ₈ \$73 ₈ \$273 ₉ \$8	75 27 127	75 270 74 120	-3 -3	7600 327 25400	Mertand & Minri Res Mitel Corp	S97a	71 ₈ 315 256 91 ₄	320 255 174	::	3710 34579 1800	Thors N A Tor Dra Ba Tor Sun	\$230	23'1 23'1	20. 20.	-
867 169	8P Cenada 10 Bis BCol	55% 5%	30°, -	15253 15022 3443 33096	o Directio	\$120 310 310 \$147 \$23	125 140, 225 191,	127 140 140 191 191	- 10 + 12 + 13 + 14 + 14	3150 130 200 900	Moison A Moison B Moneco A	; \$19 \$191 ₂ ; \$8 \$221 ₄	914 194 1952 8 223a	191 ₂ 191 ₂ 8 224	***	33070 15200 3026	Total Pet Total Pet	222	337: 2174 29	334 324	+
200 200 300	Baton A f Batoe 8	\$141 ₉ 14 \$24, 241,	4 24 + 1	4202 360	Donohue Du Pont A	\$191 ₂ \$29 \$164	194 29 16	191 ₄ 29 18	+1/2	300 71598 45	MCity Bit M Trusco Moore Murphy	\$ 151 ₂ \$27:	15¼ 27%	1574 2774 21	-,5	6372 350 65583	Treat R A Tres Mi Treatta UA	\$111 ₄ \$275 ₄	29 245 11 ¹ 27 ²	245 111 273	-
- 750 538 453	45 Bell Can O Biwesky 79 Bonenzs R	\$47k 47k \$40 335 \$85 355	335 355 -5	2000 8540	E-L Fin Echo Bay	\$391 ₂ \$187 ₄	391 ₂ 181 ₄ 211 ₂	391 ₂ 1814	+3,	70135 2415 2000	Murphy Net Bk Ca Nt Vg Tro Nt CapA Ntid LP A	221 220 221 574	27 24 22 17 17 L	24% 22%	-3e + ½	41255 3245 404	TrCan PL Trilon A Trimac	5217 5237 340 250	2114 2212 330 250	274 274 215 224 260 284 285 195	++
250 216	0 Bramaise 68 Brascan A	\$13% 13% \$18°2 18°, \$36 35% \$6°4 6°8	355 -5 130, -1 180 ₂ 35 +1	970 8226	Equity Svr FCA intl Flenbrdg Fed Ind A	551, 5212, 5217, 5137,	211 ₂ 201 ₈ 131 ₈	211, 201, 137,	+ % - % + %	1400 42915 1182	Noranda Norcen	\$15% \$16%	174 154 161	173 ₀ 151 ₂ 161 ₂	-4	1000 4900 70	Trinkly Res Trizec A ! Trizec B Ulster P	\$284 \$284 \$35	265 ₂ 286 ₃ 183	285. 285.	-
344	40 BC ForP 80 BC Res	\$11% 11% 215 210			Finning A FCity Fin Ford Cnds	\$1512 \$11 \$173	107 1724	151 ₂ 11 173	4 % + 5 + 1	5597 170225 21100	Norce and Nor Tel Northget	\$482g 485	15% 16% 15% 480 480	24% 27% 1755 1552 1554 480 7172	- 12 - 12 + 10	7900 1800 3968 12300	Un Carbid U Entprise Un Corp	\$14". \$12 \$381	141, 112,	141, 113, 36	-
126 184 258	08 Brunswik 05 CAE	\$269 26 \$137 13 \$177 177 \$177 17	13 °−12 1734 +14	5410			115	104 74 35	+14	47725 3600 11800	Nive AltA Noveco W No West Novec	\$74 \$17°2 42 \$13%	7's 17'2 41 13'4	177 ₂ 42 131 ₄	+1	3400 100 1800	Versti A ! Versti B Vestoron	415 405 350	AUG	415 405 340 275	=
614 483 52	3 CHL 5 Cad Frv 76 Cambridg	\$30', 30 \$15', 15', \$21 20',	17 - 1 30 - 1 15 - 1 21 + 1	100	Gendis A 1 Genster L Gient Yk Gibritar	\$35% \$33% \$20 \$91	735 337 20 91	20' 20' 21'	+ካ -1 -ኒ	6700 500 1800 2200	Onlined A Cooled 9 1	\$8. " ! \$71,	8 T	8 714	-3	8500 4275 105747	Vuican Ind Wajax A Wajker R	280 \$162, \$321 ₈	163. 31'	169 ₄ 32	+
116 250 108	22 Camp RLk 6 Camp Res 5 Camp Soup	530's 295	g 50% +3g i 430 −3i	15:10	Goldcorp f	594 567 ₈ 5141 ₄ 5195 ₈	91 ₃ 61 ₄ 141 ₄ 192 ₈	1674 1974	-14 -14 +14	6946 11815 1200	Contains A Contains A Pacty Airl	6 574 1 5334 5144	512 713 3314 1414	57. 354. 15. 15. 15. 15. 15. 15. 15. 15. 15. 15. 15. 15.	+14	21000 6500 2550	Weberne Webest T Westmin	\$17% \$18 \$111% \$101%	117-	17 18 111 ₇ 1014	+
236 745 2977 561	CCem ex s	512 117	25 - 19 251, - 19 12 + 19 51,	640 24290	Gt Pacific Greyhnd GuarPA 1	\$36 \$247 <u>.</u> \$121 <u>.</u>	36 243 ₄ 12 203 ₄	267 267 38	+ 14 + 14 + 16	20550 200 1200 3300	Parrie A 1 Parriour Parrican P	5023L	117 ₆ 65 325	121 ₈ 55 ₈ 323 ₄	+14 -14 -18	275 5408 4600 E = Ma	Weston Woodwd A Yk Bear voting rights	\$714 \$6'a	71 ₈	77.4 `	_ _
997 100 595	C Packra Can Trust	\$35 35 \$471, 471	36 -1 36 -1 25 -1	865	Hawker Hayes D	\$21 \$221 ₂ \$121 ₄	204 221 ₂ 121 ₄	207 ₈ 221 ₂ 121 ₈	-,5	200 7900 1160	Pegasus Pembina PJewi A t Pine Point	537 ₂ 516 ¹ 2 5173 ₆ 5185 ₆	952 1552 1152	95 ₂ 165 ₂ 115 ₂	- la - la - la	rights.					_
196	C Occumbes CP Ltd	\$426, 424, \$211, 214, \$254, 251, \$187, 165	215 250 186 + 5	200	Hees Intl Heritag A 1 H Baylin s H Bay Co	\$24, \$199 \$67, \$20,	2212 1212 1514 1514 1614 1614 27	241 ₄ 193 ₆ 63 ₄	-3,	6154 17650 16806	Piecer D Poce Pet Pour Cor	2234 2234	1877 2329 919 2119 465 1619	235 ₁ 94 22	+ 70		MON Closing pr				
194	CUST S	\$199 ₄ 19 \$187 ₆ 187 ₆	, 197 ₂ — 1 ₉	5A02	Husky Oli Imasico Imp Oil A	\$10° ₂ \$27° ₂ \$51° ₄	511-	63, 237, 107, 27%	- 14	900 1100 9500	Precemb Provigo Que Sturg	\$164 365		1872 2954 972 485 1674 365 1234 485 15	+1-5 + 20 -20		Bunk Mont BombrdrA	\$337 ₈ \$144 ₄	331-	335 ₁	-
5780 304 1100	20 Canron A Cars	\$11 10°2 \$18°4 18°4 \$19°2 18°4	1012 — 3 1814 + 14 1915	23494 100 370	indal Indal Inland Gas	\$182 ₆ \$182 ₄ \$12	1814 1834	511 ₂ 163 ₄ 183 ₄ 12	-4 -4	100 106570 900	Quebecor Ranger Rayrock (\$124, \$5 \$67,	1254 480 57 147	123 ₄ 495 67 ₈	+ 15	11825 780	BombrerB CB Pak Cascades	\$145, \$231, \$111,	231. 11	145 234 115	+
1260 1260 9084	O Carl OK	\$195, 19 \$135, 135, 32 30	19 -14 2 13 ¹ 2 -1 31 -1 150 -4	8371 10264		\$157 ₆ \$163 ₄ \$9	153 ₄ 161 ₂ 87 ₈	9 -	-1 ₄	5866 5100 13000	Redpath Region R Restman A	\$15% 355 t \$25%	14/ ₈ 335 25/ ₂ 27/ ₄ 12/ ₄	15 350 257 221, 121,	-5	550 21206 29599	GR. ConButh DomTxtA	\$30% \$18% \$14%	30's 16's	301 ₀ 185 ₀ 143.	-
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مكنامنالأعل

INTERNATIONAL APPOINTMENTS

Gould splits role of chief executive and chairman

BY DONALD MACLEAN

GOULD, the US electronics concern, has split the role of chairman from that of chief executive, Mr James F. McDonald, aged 47, who has been chief operating officer of development research many systems. Factory automation, chief operating officer of development, research, manustrems, factory automation, over from Mr William T. Ylvisaker, as chief executive at the prospect of eventually defence systems involving the submarine field. the company's annual meeting on April 29.

Mr Ylvisaker, 61, who has been chief executive of the Illinois-based company since 1967, and has taken what was a battery maker into electrics and out of electrics into electronics. is to remain chairman, and to be chairman of the executive

committee.

He will concentrate less on the day-to-day running of the company and more on strategic acquisitions planning.

Gould, which built its revenues from \$773m in 1975 to \$1.4bn by 1984, planned 1985 research and development expenditure at around 13 per cent Mr McDonald's appointment underlines the change of direc-tion taken by Gould. He

IFC puts in Kreuter in Paris

with the corporation's investment departments in Washington. The establishment of the position is part of an intensification of the corporation's promotional efforts in Europe. IFC, the affiliate of the World Bank, is in turn an affiliate of the International Monetary Fund, an agency specialising in project financing and developing countries, providing private enterprises with equity participations, long-term financing without government guarantees, and technical assistance



Mr James F. McDonald (left) is to be chief executive of Gould, while Mr William T. Ylvisaker remains chairman

Johnson broadens role at Caltex Petroleum

CALTEX Petroleum Corporation has announced that Mr Raymond F. Johnson, its president, has been elected to the additional positions of chairman and chief executive officer, and its Paris office.

As head in Paris, Mr Kreuter will have the tasks of identifying and developing relations with the European corporate sector, and liaise with the corporation.

CALTEX Petroleum Corporation is monunced that Mr Raymond F. Johnson, its president, has been elected to the additional positions of chairman and chief executive officer, additional positions of chairman and chief executive officer, when Mr Howard V. Yergin, Jr, retires. The company, which is jointly owned by Chevron Corporation and Texaco, says that Mr Seymour S. Miller, senior vice president, will assume the new post of vice chairman.

Vigna at NY

Figure 1.

Vigna at NY

Figure 1.

Figure 2.

Figure 2.

Figure 2.

Figure 3.

Figure 3.

Figure 3.

Figure 3.

Figure 4.

Figure 3.

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Figure 4.

Figure 4.

Figure 4.

Figure 5.

Figure 5.

Figure 5.

Figure 4.

Figure 6.

Figu

FOR SYNTEX CORPORATION, the Californian health care company, has elected Mr Richard P. Powers vice president and chief financial officer, Mr Powers succeeds Mr William Goez, who has been marked who has been and contained who has been marked who has been grant and chief financial officer.

Mr Vigna succeeds Peter dent for the financial officer, Mr Vigna succeeds Peter Stearns who has been of the financial officer.

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Mr Vigna succeeds Peter dent for the financial officer, Mr Vigna succeeds Peter dent for the financial officer, Mr Vigna succeeds Peter dent for the financial officer.

rowers vice president and chief financial officer, and Loan Insurance Corporation (FSLIC).

Mr Powers succeeds Mr Vigna succeeds Peter Stearns who has resigned to return to private business. Mr pany, Syntex's diagnostics subsidiary.

Mr Powers, 44, joined Syntex in 1981 as vice president and controller. Earlier this year he Mospital Corporation (America has named Mr Roger E. Micek as senior vice president—finance and chief financial officer, with effect from Vigna's appointment is temporary, pending a permanent provided in the company and controller. Startier this year he will be available to the company as a consultant.

Gitner ahead in **Texas Air**

TEXAS Air Corporation announces that Mr L. Gitner has been elected president, and to member of the board, reports AP-DJ from Houston,

Mr Frank Lorenzo, who has man and chief executive officer. Mr Gitner was vice chairman of Pan Am Corporation and Pan American World Airways, as well as chief executive officer of Pan American World Services. He served on the boards of all three companies, which he joined in 1982.

he joined in 1982.

Mr Gitner spent six years with Texas International Airlines, a carrier merged into Continental Airlines in 1982, which along with New York Air is controlled by Texas Air. He left Texas International as senior vice president of marketing and planning in 1980 to cofound and be president of People Express Airlines.

Prior to working for Texas Prior to working for Texas International, Mr Gitner worked at Trans World Airlines, from 1968 to 1974.

Bond in an Appollo change

APPOLLO COMPUTER has named Mr Richard P. Bend as senior vice president, chief financial officer and general manager of the finance and descriptoration of the finance and descriptoration of the finance and descriptoration. administration group, the Chelmsford, Mass. concern

Mr Bond was most recently chief financial officer at Stauffer Chemical Company. He replaces Mr David G. Lubrano who resigned his post to pursue personal interests in venture capital, but who will remain a consultant to the company.

Caltex also announces that Mr Harold R. G. Wiggins, vice president, Finance, becomes senior vice president and a director on March 1.

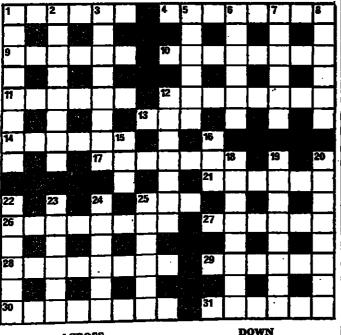
Messrs Johnson, Miller and

UK APPOINTMENTS **FOCUS ON SOUTH AFRICA SERIES**

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F.T. CROSSWORD PUZZLE No. 5,914



written by Scott (8)

Where defenders go for a
meal when they retire? (4,4)

5 One must have nothing to

The solution to last Satur-

ACROSS

- 1 Bill in America has a way 1 Adaptation of last main work with old clothing (6)

 4 Royal nipper is well protected in the water (4,4)

 What is missing is the What is missing is the written by Scott (8)

 Where defenders go for a meal when they retire? (4,4)

 Athlete takes leading position for a second (6-2)
- able (6) 10 Agreement to marry next

French copper-not avail-

- China? (7)
 21 Yard is pursuing ring respon21 Yard is pursuing ring respon21 Yard is pursuing ring responsible for forgery (6)
 sible for forgery (6)
 and potatoes piquant (4,4)
 So in front of stake to sur-
- down (3)

 26 The copper keeping her

 27 The copper keeping her

 28 Surveys abandoned by order of the military (4.4) The copper keeping her of the military (4.4) away from the French was a 22 Why there's a lot of risk in
- hard worker (8)
 27 Presses on quickly to be included among selected players (6)
 28 Careless mistakes by carrier
 28 Careless mistakes by carrier
 29 Careless mistakes by carrier
- 28 Caroless mistakes by carrier type of gas burner (6)
 (8)
 29 Trick is to catch one's breath
 25 Leading Lady is not finished with days (8)
- 30 Drawing on an unknown 39 Drawing on an amazawa day's prize puzzle will be pubdesire (8)
 31 Witness present during lished with names of winners next Saturday. experiment (6)

Managing director at AMEC Group

Mr Rudi Kisjes has been with Deloitte Haskin & Sell appointed a director of AMEC before moving into country and managing director of AMEC International Construction, over- practice in partnership with Norman Cox & Ashby of Tunbesses contracting arm of the bridge Wells. group. His previous experience includes 10 years with Nether-lands Airport Consultants INGS has eppointed Mr J. B. (NACO) managing the South Hay to the board in succession American and Middle-East to Mr A. P. F. Maleoim.

Mr Ian Edward Donevan has of the British Airways board air been appointed a member of the CAVIL AVIATION AUTHORITY.

He will be compared the safety review committee from January 1. CAVIL AVIATION AUTHORATY.

He will be group director responsible for financial and central services, for a five-year term from January 1. Mr Donovan joined the Authority last March when he was appointed controller, finance and planning. He was finance director and company secretary of Lucas Elec-trical from 1982 until his appointment to the CAA.

pany secretary of Lucas Electrical from 1982 until his appointment to the CAA.

The following have been appointed directors of ALEXAN-DER HOWDEN AND BECK, the Lloyd's members' agency of Alexander Howden Group:

Mr N. J. Robson (chairman), the N. J. Robson (chairman), the Rob

eat: this will prevent conable (6)
Agreement to marry next worshipper (8)

11 She is in order; rest is not in order (6)

12 Break can be seen in broken finger (8)

13 Person showing energy (3)

14 One of several disturbances dramatically linked with excursions (6)

15 Does it mean there is no conflict between US and China? (7)

16 Aware of the trend to start cheering (3)

18 Used to make the greens in provent contact worshipper (8)

19 Agreement to marry next this will prevent contact the board of Laing Management Contract in ment services. He steps down from the main board of Mersunation (6)

18 Frank McLoughlin and Mr Smart J. Doughty have joined the board of JOHN LAING CON
TRUCTION. Mr McLoughlin is responsible for certain building activities throughout the UK and Mr Doughty is director responsible for the civil engineering of the non-marine division, and division Mr G. Oliver Whitehead has become chairman of John Laing International. Mr Peter H. Beatty has joined the board of Laing Management Contractives of the following appoint.

LYNDOE (HOLDINGS) has CHANGE): Mr J. G. O'Nell, appointed Mr Brian Mitchell as chairman; Mr P. Johnston, director of financial resources, managing director; Mr P. R. replacing Mr Alan Taylor, who becomes a non-executive director; Mr L Lumley-Kelly and Mr tor. Mr Mitchell was formerly R. A. Schneider, directors.

Animatics. More recently he was managing director of his own consultancy.

**TOUCHE REMNANT AND CO has appointed Mr M. J. Watt, a director, as manager of TR Pacific Basin Investment Trust, **

**Mr John Coles, Mr Keith have been appointed directors to hold until a successor has been appointed. Captain Jack Jessop, director of safety services, has retired. He will have been appointed directors remain a non-executive board member of British Airways and has taken over the chairmanship.

January 1.

Mr David Gilbertson has joined the board of METAL BULLETIN CONFERENCES. He will assume these responsibilities in addition to continuing as non-ferrous editor of Metal Bulletin.

Mr R. A. Res, Ms Flona Fellant,
Mr G. G. Roots, Mr R. F. Thompses (secretary) and Mr A. E.
Williams.

*

Mr Keith Hulme has joined
WHITTINGDALE as an executive director responsible for the
development of personal investment services. He steps down

ing.

**

RABONE CHESTERMAN has appointed Mr Tem Doneghan as saies director. He was export manager, Land Rover parts and equipment Rabone Chesterman is a member of Bardsey.

division of Jardine Glanwill has made the following appointments: Mr K. R. Alston, Mr A. N. Bond and Mr M. O'Donnell have become divisional directors. Mr M. East, Mr J. E. Mayne, Mr N. H. T. Riddle and equipment Rabone Chesterman is a member of Bardsey.

Mr Rebert Way has been The following appointments sepontated a director of DUNCAN have been made to the board LAWRIE.

* PEARCE (FOREIGN EX-

FT UNIT TRUST INFORMATION SERVICE

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22	Financial Times Monday January 6 1986
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Financial Times Monday January 6 1986 NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES Common Co Stack. DN. Y Marshall 2.70
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Financial Times Monday January 6 1986

AMEY COMPOSITE CLOSING DDICES Closing prices

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The state of the s

CURRENCIES, MONEY and CAPITAL MARKETS

CURRENCY FUTURES

POUND-S (POREIGN EXCHANGE)

Letest High 1.4300 1.4375 1.4160 1.4240 1.4060 1.4165 1.3960 1.4010

DAY 125,000 5 per OM

US TREASURY BONDS (CBT) 8%, \$100,000 32nds of 100%

US TREASURY BILLS (IMM) Stre points of 100%

CERT. DEPOSIT (IMM) 51m points of 100%

22.17 \$2.04 91.83 91.57 91.31 91.04 90.80 90.55

10% NOTIONAL SHORT GILT £100,000 64ths of 100%

March June Sept Dec March June Sept Dec

LONDON

High 92.50

High 92,20 92,06 91,85 91,58 91,31 91,05 90,80 90,58

92.14 92.01 91.80 91.55 91:27 91.00 90.76 90.54

Prev 92.52 92.39 92.18 91.92

CHICAGO

STERLING C25.000 \$ E

Low 1.4255 1.4140 1.4125 1.3960

FOREIGN EXCHANGES

Carousel runs out of steam

It would be difficult to find nore contrast between the per-formance of a currency than the formance of a currency than the dollar at the beginning of this year and at the start of 1985. Last January it was surging to new record highs; this month it is at its lowest level for more 2 months

At the beginning of last year the US economy seemed to be growing at an exceptional rate. Coupled with high interest rates to fund the large budget deficit, it was drawing funds away from countries such as Japan and Germany. These countries, particularly Japan, have had an enviable trade surplus with the U.S. in 1995 and plus with the US in 1985, and the money earned has returned to the US to fund the borrowing

to lose its attraction. There comes a point where the money earned in goods by Japan and US economy was forecast to European countries cannot find a natural home in the US, Reagan Administration has because the authorities need to correct the situation. A strong dollar has produced capital cent. But the rate for 1985 has inflows into the US, but has also been revised down to 2.8 per

1960-1962=100. Benk of England Index

(base average 1975=100).

CURRENCY MOVEMENTS OTHER CURRENCIES

POUND SPOT - FORWARD AGAINST POUND

FORWARD RATES AGAINST STERLING

EMS EUROPEAN CURRENCY UNIT RATES

£ IN NEW YORK

Jan. 3 Prev. close \$1,4870-1,4880,\$1,4590-1,460 0,43-0,41pm | 0,43-0,42pm 1,51-1,28pm | 1,52,1,29pm 4,68,4,48m | 4,57-4,47pm

led to a decline in industrial output, and growing pressure for protectionist measures to support a suffering home economic base.

The US trade deficit has been plus with the US in 1985, and the money earned has returned to the US to fund the borrowing requirement of the federal authorities.

It has been like a carousel, driven round until it runs out of steam and suddenly threatens to lose its attraction. There comes a point where the money earned in goods by Japan and European countries cannot find a natural home in the US. Reagan Administration has

cent, and financial markets are suspicious that the rate for 1986 is over optimistic. Growth in the last quarter of 1985 was supported by stockbuilding and government spending, rather than consumer demand.

At the same time countries At the same time countries with a large trade surplus with the US are reluctant to suppress their own economic growth. Mr Satoshi Sumita, governor of the Bank of Japan, said on Friday that the does not want the yen to strengthen further against the dollar, ahead of the seven-nation summit due to take place in Tokyo in May.

This appears to set a floor of This appears to set a floor of Y200 for the dollar, but unless it is sufficient to redress the trade balance in favour of Japan,

it will not placate the protec-tionist forces building up in the US.
The conclusion seems to be that the dollar will continue to weaken and because of Japan's weaken and because of Japan's strong trade position will fall below Y200. At the same time the dollar will also fall to around DM 2.40 against the D-mark, while the British authorities will probably be happy to see the pound remain around \$1.45 and decline to a level of DM 3.50 against the D-mark.

CURRENCY RATES

rate % 0.758815, 0.814453 1.09631 0.887578 1.24634 1.24634 18.97621 15.3640 4.55,1498 44.6386 9.80676 7.96157 2.69622 2.18496 3.04058 2.46072 M/A 5.70284 Austria Sch.
Belgian Fr...
Danish Kr...
D'mark.....
Guilder.....
French Fr ... * Selling rate. † Correction (Decamber 31): NZ\$— £ rate was 2.8775-2.8875,

CS/SDR rate for December 31: 1.53504 DOLLAR SPOT-FORWARD AGAINST DOLLAR

7.5. months

3.54 1.33-1.28pm

4.35 2.00-1.80pm

-1.41 0.47-0.52ds

2.44 1.52-1.48pm

-1.55 21-26dis

-0.33 1-3dis

3.48 2.3dis

3.48 2.3dis

-18.98 450-1.000ds

-7.80 270-350dis

-10.71 367-407-dis

-4.35 87-3dis

-4.37 87-3dis

-4.47 77-8dis

1.10 0.72-0.65 pm

1.60 67-5pm

1.60 67-5pm UK† Ireland† Canade Nethind. Belgium Denmark W Ger. Portugal Speni Italy Norway

† UK and Ireland are quoted in US currency. Forward premiums and apply to the US dollar and not to the individual currency. Beigian rate is for convertible francs. Financial franc 50,80-50.85.

EURO-CURRENCY INTEREST RATES

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MONEY MARKETS

No sign of change in London

-0.43 -2.05 -2.39 -2.43 -1.09

+1.08 -0.54 -0.88 -0.84 -0.92 -0.42 -1.47

Divergent fimit %

Interest rates showed no sign of change in London last week, as the pound held fairly steady on the foreign exchanges. Trading remained quiet because of the Christmas and New Year holidays, while the pound failed to gain ground against a depressed dollar, and the US currency continued to suffer from weak US economic statistics.

Three-month sterling interbank was around 11½ per cent, underpinning the pressent 11½ per cent of clearing bank base lending rate 11½ per cent since July 39

On December 31 the Federal funds overnight rate was 10 per cent when the Federal Reserve injected liquidity into the banking system through two-day system repurchase agreements. On Thursday and Friday further morey was provided when the overnight rate was 8½ per cent. Conditions were temporarily the because of end-of-year and suppressing any hopes of an early cut in London rates.

In New York and Frankfurt the money markets suffered from strains because of end-of-year and other pressures, leading to a long to the banks, but there was no sign of any permanent reduction in US rates, producing a cut in the Federal Reserve injected liquidity into the banking system through two-day system repurchase agreements. On thursday and Friday further morey was provided when the overnight rate was 8½ per cent. Conditions were temporarily to be anked the preserve injected liquidity into the banking system through two-day system repurchase agreements. On the banks, but there was no sign of any permanent reduction in US rates, producing a cut in the Federal Reserve injected liquidity into the banking system through two-day system repurchase agreements. On the banks, but there was no injected liquidity into the banking system through two-day system repurchase agreements. On the banks, but there was no injected liquidity into the banking system through two-day system repurchase agreements injected liquidity into the banking system through two-day system repurchase agreements. On the banking system through two-day system repurchase agreements. On the b

WEEKLY CHANGE IN WORLD INTEREST RATES

Unch'd Prime rates

+ ik Federal fund
- 5 Mth, Treas

+ 0.0436 6 Mth, Treas

Unch'd 3 Mth, C D 114 +16 PARSS BRUSSELS One month Three mon

ndon—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, ad 2 bills 34 to 63 days, and 2 bills 34 to 63 days, end buying or saling sates with the money market, in other 15 days of England buying or saling sates with the money market, in other 15 days of England buying or saling sates with the money market, in other 15 days of the formation money market and

MONEY RATES

Ov'r-nig't Month

Fed funds Fed funds at Inter In Frankfurt money market
rates touched a peak of 6 per
cent on end-of-year pressure, as
banks were prepared to bid for
funds to square their books. The
Six month
should be square their books. The
Six month
one year
Sbn before the New Year holiday
in overnight money, and on
Friday set a new two-tranche
fries year
tender for 28 and 56-day securities repurchase agreements at a
minimum rate of 4.50 per cent.

Treasury &
Treasury &
Treasury &
Two month
Three month
Three month
Three month
Three month
Three year
Two year
Two year
Two year
Seven year
10 year ...
30 year ...

NEW YORK

7.28 7.48 7.64 8.03 8.27 8.41 8.53 8.93 9.05 9.29

(4 pm)

BANK OF ENGLAND TREASURY BILL TENDER Jan. 3 | Dec. 27 £100m £100m mum ccepted bid..... £97,20 £97,21 accepted bid....! Alignment at minimum level ... 18% 19%

FT LONDON INTERBANK FIXING

Six months U.S. delians ontha U.S. dolla bid 7 15/16 | | offer 81/16 offer 8 1/15 The fixing rates are the arithmetic working day. The banks are National washes, rounded to the powerst one-shinestin, of the bid and offered rates for \$10m quoted by the market to Paris and Morgan Gueranty Trust.

LONDON MONEY RATES

Month

Treesury Bills (sell): one-month 11½ per cent: three-months 11½ per cent Bank Bills (sell): one-month 11½ per cent; three-months 11½ per cent Tressury Bills: Average tender rate at discount 11.2092 per cent. ECGD Fixer Finance Scheme IV reference rate November 6 to December 3 (inclusive): 11.611 per cent. Local authority and Finance Houses goven days' notice, others savar days' fixed. Finance Houses Base Rate 12 per cent from Jenuary 1 1988, Banh Deposit Rates for sums at savan days' notice 8.25-8.625 per cent (nil). Certificate of Tax Deposits (Series 6). Deposits 1100,000 and over hald under one month 11½ per cent; one-three months 11½ per cent; three-six months 11½ per cent aix-nina months 11½ per cent. Under 1100.000 10½ per cent from Decomber 12. Deposits held under Series § 11½ per cent. Deposits withdrawn for cash 7½ per cent.

Close High 1.4285 1.4215 1.4280 1.4361 1.4285 1.4165 — 1.4168 1.4060 — 1.4108 1.4168 1 Close High Low Prev March 0.4087 0.4101 0.4076 0.4103 June 0.4120 — — 0.4136 Est. Volume 42 (50) Previous day's open int. 204 (168) LONDON SE E/S OPTIONS £12,500 (cents per £1) Calls—Lest
Jan Feb Mar June Sept
— 24.40 24.50 — 19.40 14.50 14.40
9.40 9.40 9.40 9.70 10.40
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NOTICE OF PREPAYMENT



THE KYOWA BANK, LIMITED (Incorporated with Limited Liability in Japan)

U.S.\$15,000,000

Floating Rate Certificates of Deposit No. 000001-000030 issued on 11th February, 1982 Maturity 17th February, 1967, Callable in February, 1986

Notice is hereby given in accordance with the conditions of the above Certificates of Deposit (the "Certificates") as printed on the reverse of the Certificates that The Kyowa Benk, Limited (the "Benk") will prepay all the outstanding Certificates on 14th February, 1986 (the "Prepayment Date"), at their principal amount, Payment of the principal amount, together with accrued interest to the Prepayment Date, will be made on the Prepayment Date against presentation and surrender of the Cortificates at the London against presentation and surronder of the Contriction at the Contriction of The Kyowa Bank, Limited, Princes House, 93-95 Greshan Street, London ECZV 7NA.

Interest will cease to accrue on the Certificates on the Prepo

By: Morgan Guaranty Trust Co. of New York, Agent Bank

Standard & Chartered

Standard Chartered PLC

US\$400,000,000 Undated Primary Capital Floating Rate Notes

In accordance with the provisions of the Notes, notice is hereby given that the next Interest Determination Period will run from 3rd January 1986 to 3rd July 1986. This Interest Determination Period is also the Residual Period (as defined) and the Notes will carry interest at the rate of 81s per cent, per annum.

Interest payable on 3rd July, 1986 will amount to US\$408.51 per US\$10.000 Note and US\$4085.07 per US\$100,000 Note.

Standard Chartered Merchant Bank Limited Agent Bank

This advertisement complies with the requirements of the Council of The Stock Exchange.

U.S. \$150,000,000



January 6, 1986

Export Development Corporation

(An agent of Her Majesty in right of Canada)

Société pour l'expansion des exportations

(Mandataire de Sa Majesté du chef du Canada)

83/4% Notes Due January 1, 1991

A syndicate managed by the following has agreed to subscribe for the Notes:

Salomon Brothers Inc

Merrill Lynch Capital Markets

Wood Gundy Corp.

Dominion Securities Pitfield Inc.

Application has been made to the Council of The Stock Exchange for the Notes, issued at 99.558 per cent, to be admitted to the Official List. Interest on the Notes will be payable semi-annually on January 1 and July 1 beginning July 1, 1986. The Notes will not be

redeemable prior to maturity.

Details of the Notes and Export Development Corporation, in the form of an Extel card, are available in the Extel Statistical Service and copies may be obtained during usual business hours up to and including January 8, 1986 from the Company Announcements Office of The Stock Exchange and up to and including January 20, 1986 from:—

Bank of Montreal 9 Queen Victoria Street

London EC4N 4XN

R. Nivison & Co. 25 Austin Friars London EC2N 2JB

This announcement appears as a matter of record only.

LAURA EN VEREENIGING a majority owned subsidiary of

SOCIÉTÉ GÉNÉRALE DE BELGIQUE Brussels, Belgium

has acquired a minority interest in

"AMSTERDAM RUBBER"

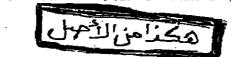
(RCMA N.V.) Amsterdam, The Netherlands

through the purchase of

1,375,000 shares

The undersigned initiated the transaction and acted as financial adviser to LAURA EN VEREENIGING and SOCIÉTÉ GÉNÉRALE DE BELGIQUE.

AMSTERDAM-ROTTERDAM BANK N.V.



SECTION III FINANCIAL TIMES SURVEY

Today's computing and communications technologies are rapidly converging to open up a vast array of fresh opportunities for users and suppliers of telecommunications systems. The economic impact of this technological revolution is only just starting to emerge.

Era of massive upheavals

By GUY DE JONQUIERES

TION was the term coined by Joseph Schumpeter, the Austrian economist, to describe the process of industrial change. unleashed by technological innovation. It applies with particular force to the state of the world telecommunications industry today.

simultaneously shaking estab-lished institutional and indust-rial structures to their founda-tions and opening up a kaleidoscopic array of new opportunities

At the heart of this process lies the convergence - perhaps collision would be a better word of computing and communica-tions technologies. For all practical purposes, the most advanced communications networks today are vast inter-connected computer systems controlled by sophisticated soft-ware and carrying streams of digitised information.

The practical implications of this technological change go well beyond the computing tions of Stock Exchanges as and communications industries, traditionally defined. Efficient management of infor-mation is already a viral com-petitive tool in an increasingly wide range of industries. On Wall Street, for example, the telecommunications budgets of many major financial services firms are their second largest item of annual spending after.

In manufacturing General Motors, the world's largest car company, believes technologically advanced communications

d Con inig RC

. . . .

TION was the term \$2.5bm to acquire Electronic Coined by Joseph ampeter, the Austrian nomist, to describe the cess of industrial change eashed by technological owation. It applies with ticular force to the state world after AT&T.

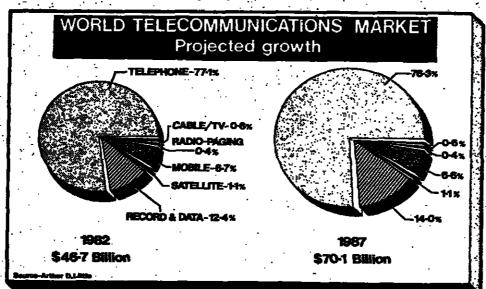
The power of modern communications is also fast demo-After a century of stable and predictable development, tele-communications is being riven by massive upheavals which are by new competitors. The by new competitors. The emergence of multi-capacity financial convious rates shead of the planned deregulation of the City of London is made possible by the fact that so many types of financial transaction can now be conducted on the same electronic information highways.

This trend is, for example, also leading Reuters, the electronic business information company, to develop as a provider of financial trading networks. The potential versatility of such services both points to the emergence of truly global 24-hour trading systems and raises awkward questions about the regulatory roles and func-

At the same time, telephone companies such as the Bell regional groups in the US and British Telecom are fast expanding beyond their previous markets to offer a growing variety of "value added" services which combine communications and

The impact of the technological revolution in telecommunications is in a very real sense,

Communications THE WORLD BUSINESS MARKET



turning it into everybody's business. The full extent of the economic and policy con-sequences of this transforma-

Challenge to monopolies

It is becoming increasingly clear that the monopoly systems which have traditionally which have traditionally governed telecommunications challenge. As the borderline between communications and computers disappears and a vast "neutral" monopolies grows increasingly questionable.

have all decided that the old order was simply becoming too onerous and was constricting, instead of stimulating, innovation and growth. In the past five years, all three countries

open to competition.

Elsewhere, and particularly in Continental Europe, the monopoly principle remains more solidly entrenched—but is coming under mounting pressure. Several European countries, including France, West Germany and the Netherlands, are currently debating policy

In many of these cases, how-ever, the emphasis is less on increased competition than on giving greater commercial free-dom to their monopoly network carriers by distancing them from government control. For array of new services proliferates, the necessity-indeed, sources of revenue, the UK's
the possibility-of maintaining sale of shares in British Tele"neutral" monopolies grows com to private investors has

The US, Britain and Japan however, that privatisation and market liberalisation are by no means identical. Indeed, they have already shown that they can severely conflict, forcing awkward policy choices between BT's customers, its shareholders

Communications observed last year: "Policymakers are con-fronted with the task of referee-

The UK experience shows, deregulate the telecommunica-

—and its traditional suppliers.

Apart from this confusion, countries everywhere face a formidable challenge trying to define new policies for a rapidly changing world. As a report by the International Institute of

New alliances forming

This task has proven no less difficult in those countries which believed that the intro-duction of competition would make official regulation largely obsolete. The complexity of the government regulatory system in the US, and the amount of activity which it generates, has certainly grown no smaller since the decision was taken to markets due to deregulation, the metalting certical control of the material control of the metalting certical control of the metalt

tions market. The central problem facing accelerating cycle of innovation regulators such as the US are intensifying competition to

to make competition work, they are repeatedly forced to intervene to change the rules. In spite of the break-up of AT & T, the company and its former regional subsidiaries remain dominant in their traditional markets. are entering the market. Long-standing customers, such as AT&T's former regional com-panies and BT, are developing

STORAGE SYSTEMS/ DEVICES

1980 \$90 Billion U.S.

PUBLIC SWITCHING

The challenge for policy is keep these markets open enough to allow smaller competitors to flourish, while avoid-ing the imposition on the dominant players of constraints so severe that their capacity to compete is not unfairly impeded. This is not proving an easy balance to strike, as shifts and reverses in FCC

the mounting costs of develop-ing new products and the

home markets which fail to pro-vide the economies of produc-

GROWTH OF WORLD TELECOMMUNICATIONS

MARKETS BY PRODUCTS & SERVICES

PRIVATE DATA AND TEXT SYSTEMS

PRODUCTS

Companies from other indus tries, such as IBM, the world's largest computer manufacturer,

as competitors, and a wide range of corporate alliances is being

The opening up of the US equipment market, due to the break-up of AT&T, has created

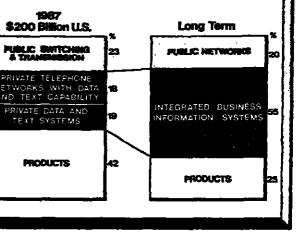
almost overnight a wealth of new commercial opportunities

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these upheavals than either the

communications manufacturers are finding it increasingly diffi-

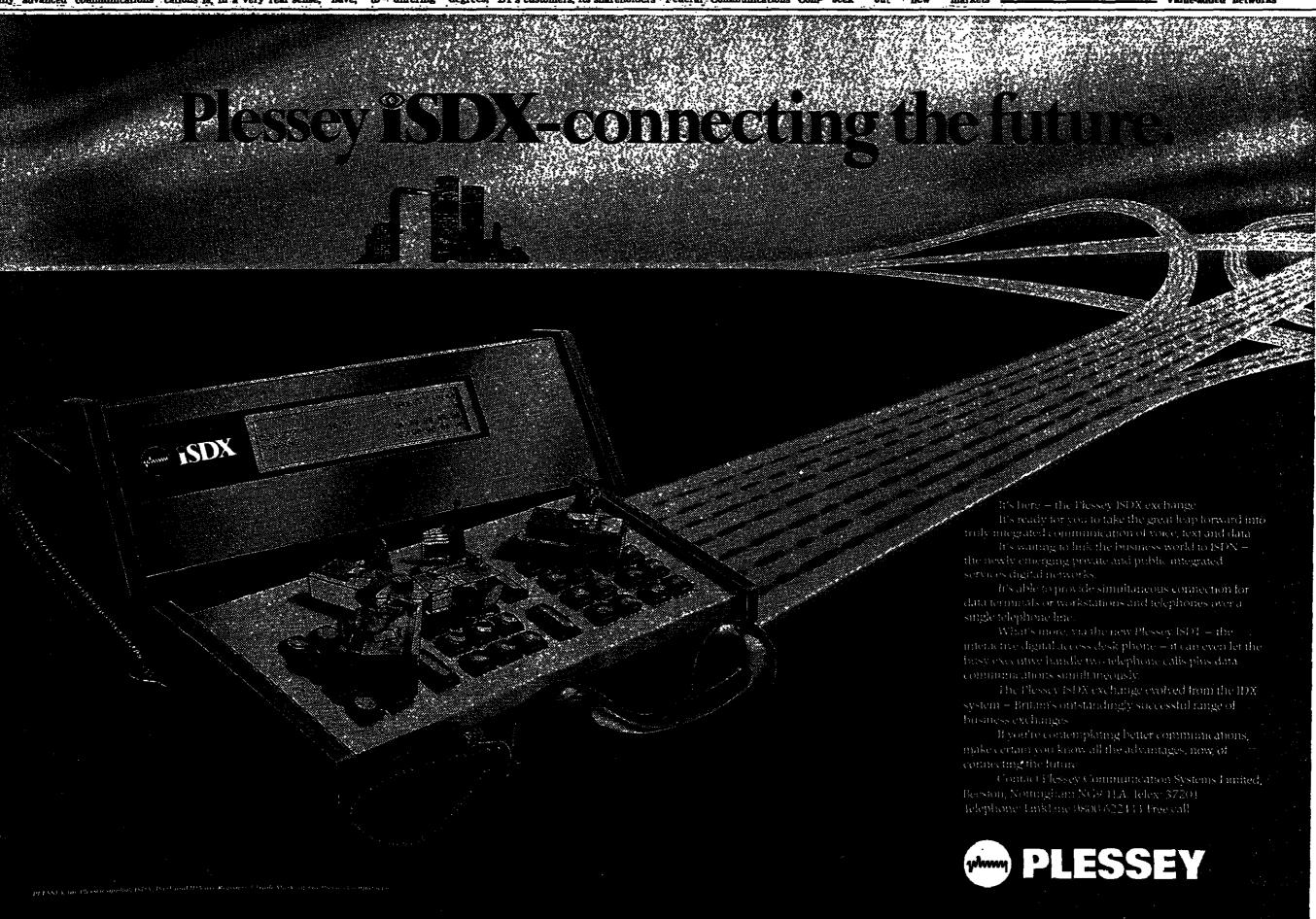
cult to survive on the basis of



Impact of change on business users US long-distance telepho-service battle

US or Japan. Its leading tele-Ireland deregulation The Japanese cations industry

tegional telephone companie Office automation Pressures mount on European equipment-makers for both American and foreign suppliers. But competition is growing intense and whittling Britain sets the pace in policy reforms New developments in telecom-munications industries in the UK, France, West Germay, Italy, Spain, Netherlands, growth



US giants form fresh alliances

munications, American Tele-phone and Telegraph's (AT & T) chief rival in the US long-distance telephone market. In the process IBM said it would take an initial 18 per cent equity stake in MCI and might raise this to a maximum of 30 per cent through the investment of up to an additional \$400m. IBM's acquisition of a minority stake in MCI, which has \$2.5bn in annual revenues. has \$2.5bn in annual revenues, an expanding 3.2m customer base and growing 9 per cent market share, came hard on the heels of the compuer giant's \$1.26bn acquisition of Rohm, a leading West Coast PBX manufacturer in 1984.

Predictions

Few additional details have emerged on the IBM/MCI link since it was first announced in June—or on how MCI and IBM plan to accommodate their strikingly different corporate tures. Most analysts agree that IBM's deep pockets, manage-ment skills and marketing might will help feisty MCI—which made its reputation snapping at the heels of AT & T—in the continuing long-distance telephone battle, further intensify-

ing competition.

But some industry experts also argue that the deal represents something of an admission of defeat by "Big Blue." SBS, originally a joint venture between IBM, Aetna and Comsat, aimed at providing business and voice communications services, misread the market and was forced to switch to the more mundane and fiercely competitive business of offering cut-price telephone service to indi-

Even then, despite pumping more than \$1.3bn into the project, SBS managed to garner less than 1 per cent of the longdistance telephone market, lost an estimated \$114m on revenues of \$290m in 1984 and was not expected to break-even until Thus, some industry experts

such as Prof Eli Noam of Columbia University see the

from the long of says Prof Noam. the long-distance field," Nevertheless, the move, sym-

bolic of the dramatic upheaval underway in the US telecom-munications industry, was im-mediately seized upon by AT & T as evidence that the era of full bloodied competition had finally arrived and that AT & T's should be fully deregulated. Mr Charles Brown, AT & T's chairman and chief executive, told shareholders, "some say our competitors in the long-distance business are not yet strong enough to go it on their own. Looking at the size and resources of such competitors as GTE, ITT and dozens of others makes that viewpoint hardly credible. The announcement of the ownership link between IBM and MCI—two formidable competitors of AT & T—should put that myth to rest once and for

Whether it will is another question, one perhaps best left to the regulators in Washington. But in the wake of the IBM/MCI deal the US Federal Communications Commission (FCC) has taken a number of key decisions in AT & T's fav-our—often despite the fierce protests of other common car-riers who have been urging FCC restraint in the deregulation process.

Among these the FCC voted in September to remove one of the most serious restrictions over AT & T, the so-called computer inquiry 2 requirement that AT & T separate its unregulated equipment business from its regulated long distance telephone service. That decision, which AT & T says could save which AT & T says come save it \$1bn a year, means AT & T can now bundle together its telecommunications equipment and services under one marketing umbrella—as MCI and IBM will presumably try to do.

How successful AT & T will be in competing in this newly-deregulated environment has yet to be decisively proven. Like IBM, the telecommunications giant, it has suffered some set-backs in its early attempts to

house-developed Unix operating system, but also software de-signed for IBM's competing and market-dominant operating sys-

Mr Brown says the switch "demonstrates we are moving aggressively to meet market-place needs," but many com-puter industry analysts suggest it more reflects the fact that there was little software around to support AT & T Unix machines. They add that in order to break into the computer market in more than a token way AT & T will have to rapidly expand its product line.

In fact both AT & T and IBM have faced problems breaking into unfamiliar markets like data communications in which both companies have attempted to establish nationwide computer networks providing computer-to-computer communica-tions in competition with com-panies such as General Electric Information Services and Control Data. Similarly, both companies have been outpaced by smaller rivals in the telephone modem equipment market.

Estimates Part of the problem for both AT & T and IBM is that the convergence of computers and teleones, although happening, has taken longer than expected. For example, by most estimates data communications still only accounts for about \$5bn of the \$50bn US long-distance tele-phone market. At the same time AT & T and IBM have discovered that marketing a wide range of telephone systems and

service and computers requires

special skills and poses difficult

challenges. In an attempt to bridge some of these gaps AT & T and IBM have both turned to domestic, and increasingly, to foreign partners. In Japan and Europe, both companies are forging links with local telecommunications and computer groups. For example AT & T has teamed up with Misui in Japan to offer data communications services while IBM has forged links with Mitsubishi. In Italy, IBM

has an alliance with Stet, the

national partnerships—and com-petition—is not confined to AT & T and IBM alone. Almost all the regional Bell holding companies are attempting to sell their telecommunications expertise overseas—part of a wave of diversification and wave of inversing and and acquisitions by the seven regional holding companies which itself threatens to challenge some of the basic tenets of the Bell system break

petition is changing the shape of international telephone service. MCI, GTE Sprint and other long-distance carriers have dramatically expanded their international services over the past 18 months—challeng-ing AT & T's dominance of the market and forcing the tele-communications giant to begin cutting its own rates. Last month, for example, AT & T proposed reducing call prices to 32 countries by an average of 10.1 per cent in a move that it said would save its customers

At the same time new com-

\$150m a year.
Some of the biggest post Bell break-up changes are taking place in the US telecommunications equipment market-worth an estimated \$60on a year or about 40 per cent of the world total where the divestiture agreement freed the Bell operating companies for the first time to make their own equipment purchasing

This, coupled with mandated changes in local telephone access arrangements and the increasingly real threat that major business clients will build their own systems to bypass local telephone services altogether has spurred a wave of capital spending by both the long-distance carriers and the 22 Bell operating companies. For example, Ameritech, the Chicago-based regional holding company, said last month that it plans to spend nearly \$2bn this year to expand and improve its midwest_telecommunications services. The huge capital spending plan, which includes expanding Ameritech's fiber optic cable network by 56

SIX MONTHS ago International Business (IBM) the world's largest computer-maker, stumed Wall Street by amouncing that it planned to fold its munications business. Systems (SBS) into MCI Company who loss-making Satellite Business

Systems (SBS) into MCI Company the long-distance field. The system runs not only its international MCI deal as a "defensive move outside of familiar territory. For example, although the company, while AT & T claims sales of its basic line of personal computers are now picking up after a slow start, its latest personal computers systems. Systems (SBS) into MCI Company between 1984 and from the long-distance field. The system runs not only its international move outside of familiar territory. For example, although ment company, while AT & T claims sales of its basic line of personal computers are now picking up after a slow start, its latest personal computers systems. Systems (SBS) into MCI Company between 1984 and from the long-distance field. The system runs not only its international move outside of familiar territory. For example, although ment company, while AT & T claims sales of its basic line of personal computers are now picking up after a slow start, its latest personal computer systems.

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As a result, Ameritech says that by the autumn this year 75 per cent of its 14.5m customer lines will be equipped to deal with direct acces to deal with direct access—up from 55 per cent today. The pace of technological change is also accelerating. Ameritech's Illinois Bell unit will conduct the nation's first trial of an the hadon's first trial or an integrated services digital network (ISDN), which allows simultaneous voice and data transmission over ordinary telephone lines, this year.

Challenges

This dynamic environment is providing challenges and opportunities for the equipment challenges and manufacturers. In the \$3.2bp US market for public network switching systems, currently dominated by AT & T and Canada's Northern Telecom; other competitors including Japanese and European manufacturers are scrambling to grab a share of the market and adapt their systems to US

With the key digital switch battle now raging between Northern Telecom with its DMS 100/200 Switch and AT & T's 5ESS Switch, other suppliers are having mixed success. Among them are ITT, whose System 12 digital switch has proved successful outside the US, but which is still struggling to win an order from a Bell operating company, Gte, Ericsson of Sweden, Siemens of West Germany, Plessey of the UK and CIT/ Alcatel of France and NEC of

Here, too, new strategic international alliances are international alliances are being forged. For example, Gte, whose flagship product is the Gte-5 EAX digital switch, is currently involved in negotia-tions with Siemens of West attempting to win French Government approval for an alliance with France's state-owned Compagnie General D'Electricite to compliment its 1982

Fierce competition as new markets emerge

THE FERMENT of divestiture continues to dominate the US communications equipment industry. While the break-up of AT&T created new opportunities for many equipment suppliers, competition to take advantage of new markets has

been severe.
Further regulatory changes that may allow AT&T to combine its marketing efforts for end-user communications and computer equipment along with normal long-distance services are expected to create more uncertainty among competitors and customers.

The major equipment trends in telecommunications include the rapid spread of digital technology, use of fibre optics trans-mission, the growth of special about \$15m, but will approach data transmission services and \$15m by the end of this decade. private networks.

In the long-distance digital communications business, the equipment market has been directly impacted by regulatory uncertainty. Long - distance carriers' demand for equipment has been sparodic recently because of financial difficulties at many of the resellers and decreases in spending by Sprint and MCI. However, some equipment sectors, such as fibre

optics, are growing.

The divestiture of local telephone companies from AT&T created a bonanza for suppliers of network modernisation equipment such as digital switching and various transmission products. These markets are now becoming increasingly competitive, however, and growth is of the personal computer and expected to slow significantly telephone connected to voice/

The US equipment market

Custemer premises equipment

Attached network functions

Automatic call distributors

Transmission equipment ...

Local area networks

In the US, advances in communications

technology are creating uncertainties among the equipment-makers, as Louise Kehoe reports. ilternative to the public tele-

phone network. According to a recent study by analysts at L. F. Rothschild, Unterberg, Towbin in San Francisco, the market for these so-called "very small aperture terminal" net-works is currently worth only In the customer premise equipment sector, competition has been rife over the past year. Pricing of private branch exchanges (PBXs) has been particularly aggressive with market growth slowing down and over 25 companies competing for a share of the business. In addition, AT&T has been actively trying to regain market share and "giving away" equipment.

A new generation of PBXs which incorporate both voice and data communications is emerging. Along with voice/ data terminals these systems signal the convergence of telecommunications and office automation equipment with desk-top devices that combine the roles

1989

12.5

9.8

New markets are, however, emerging. Large US companies are beginning to turn to private satellite networks as a low cost has become a rich new sector

1985

According to market researchers, US sales of voice messaging systems will grow from approximately \$150m this year to as much as \$150 by 1990.

In the data communications sector, which has historically grown at rates in excess of 35 per cent per year, equipment sales trends have been mixed, depending upon the changing fortunes of different segments of the computer industry.

The personal computer boom may be running out of speed in the US, but for communications equipment suppliers it has only just begun. Local area networks represent one of the most promising categories of communications equipment in the year shead, according to market apalysts.

To date, only about four per cent of the millions of personal computers used in office and factory applications are linked to networks. Demand has, however, been brewing and the recent announcement by IBM of its token-ring local area network will bring the market to the boil, suppliers hope.

The IBM local area network establishes a standard which is expected to be adopted by numerous computer and office equipment manufacturers. The use of one standard system facilitates interconnection between different brands and types of equipment.

Dataquest, the San Jose, California, market research company, lists local area net-works as one of the fastestgrowing segments of the communications equipment market during the next few years. According to dataquest, the LAN market totalled just \$140m in 1983, but reached 31bn this year and will grow at an average 27 per cent per year to total \$2.5bn by 1989.

Sales of modems, which are used to connect computers to telephone lines, are also in-creasing as more personal computer users need to connect their machines to databases, mainframe computers and each other. In the microcomputer area, the US market totals about \$500m and will grow to about \$14m by 1996, says Michael Murphy of Venture Capital Management in San

Business network planning: new products and services make international business communications more economical and efficient. as Dennis Conroy and John Collings report.

Choice for users grows ever-wider

AS MANY countries have ficant savings by expeliberalised the supply of tele-com equipment and services, like the UK, which has rela-companies have faced an un-tively lower calling rates, and familiar and often bewildering asking the respondent to call range of choice. The situation is particularly complex for companies running international networks because of the dif-ferent rates of liberalisation in different countries.

Even for the smaller company, new products and services are, however, offering oppor-tunities not only for doing international business more cheaply or efficiently, but even ing new kinds of business and extending market-reach.

Some examples of new applications are provided by fac-simile transmission (fax) and access to the telex network from the Prestel (videotex) service in the UK.

To some extent fax has to be

viewed in terms of its cost-effectiveness as a substitute for telex, post, telephone calls and courier services. However, exploiting the potential of fax has given some companies an important competitive edge for example, an English law firm uses fax to get court orders to their US operation for action within hours of issue by UK

Advantages

In the case of Prestel access to telex, the opportunity now exists for small businesses to send and receive telexes by purchasing a low cost TV adapter. This has enabled a small specialist advisory company, operat-ing internationally from the foun-ter's home, to use telex on a regular basis. This has particular advantages in deal-ing with countries in time zones that make communication by telephone difficult.

While coping with this widening choice of equipment and services represents a real challenge to the small business users of international telecommunications. munications, it also represents real opportunity to exploit avail-able options to minimise cost. At its simplest this may just mean ensuring that most traffic between two countries origi-nates at the end which has lower international call rates. For example, when calling from high cost countries in Europe, users can enjoy signi- ate and control its operations

international tions to a particular destination may achieve savings by renting a dedicated line—any company calling between UK and US designations for around 14 hours per day should look carefully at this option.

be driven by the logic of the geographic locations and volumes of the company's activities. This then has to be modified to take account of variations in the speed and quality of services available in different countries, the levels and structures of charges, restrictions on use of private networks and their link to public switched networks and the availability of supporting equipment and services.

These considerations have led

creasingly flexible and mobile with regard to the location of telecommunications intensive functions. They will locate them where the economics and

European capital to another.
This willingness and ability to
move and reconfigure heightens
the competition among telephone companies for serving
multinational companies.
Thus, the pressure is on even

Relatively small users of Companies that increasingly

employ sophisticated applica-tions of telecommunications on a global scale as a key com-petitive tool face a problem of great complexity in determining the structure and "mix" of their networks.
First, network structure will

one leading firm of money brokers to switch traffic between its two Far East offices in London, using circuits leased from British Telecom.

Large multinationals are in-

service availability are most attractive—now and longer-

A leading international air-line recently moved its main European reservations com-munications centre from one those telephone companies with the most entrenched domestic monopolies. One US multi-national high technology manu-facturing company, which uses telecommunications to co-ordin-

The new SDX digital key telephone system from Stantel, the name under which STC Telecommunications operates in the US market. The SDX "family" is a port-orientated system ranging from 20 to 60 ports.

worldwide, has threatened to pull out of a facility in a European development area unless the quality and avail-ability of advanced telecom-munications services improve. Manufacturers Hanover Trust (MHT), the New York-based commercial banking giant, now has one of the most sophisti-cated, widespread telecommunications networks in the world. MHT invested more than \$55m during the past 10 years to develop an integrated, private packet switching network (called Geonet) connecting all of its bank branches and more than 6,000 large customers of its correspondent banking services in 45 cities and 66 countries.

While MHT relies on a number of telephone companies, the bank designed Geonet, controls it, and keeps it running 24 hours a day.

Flexibility

MHT certainly has the scale, clout and, probably the technical flexibility to deploy network hubs and circuits based not only on physical concentrations of business activity but equally (in some cases) on telecommunications service availability, responsiveness and rates.

Private networks such as

Private networks such as Private networks such as GEONET are taking on increasing strategic significance to their owners. As such, they are unlikely to decline in number. Nonetheless, they truly are hybrids of private equipment and intelligence, and public (telephone company) facilities and circuits.

(telephone company) facilities and circuits.

The challenge for telephone companies is to retain a balanced and beneficial mix of the two. After all, users do not want to be telephone companies, but they will seek out or create viable alternatives to what they view as unsatisfactory service options. For example, in the US today, close to 20 "teleports" are operative or nearing completion. The largest and arguably the

most threatening to a teleph

company is New York's Telecompany is New York's Tele-port. Supported financially mainly by Merrill Lynch, the Teleport offers New York-based companies high-speed, fixed-rate communication linkages over fibre optic cable to satel-lite-based domestic and international long-distance services.
Teleport bypasses the telephone company to offer users
local access to a dozen or more options for long distance voice, data and video transmission ser-

installation of international net-

themselves.
Similarly, the extent to which variations in the telecommunications environments in the communications environments in the constitution leads to netdifferent countries leads to net-works that depart from physical

possible. Moreover, these large world-wide users feel compelled to assume as much control as they can when telephone companies

shifts, security, and round-the-clock network availability. Telephone companies thus need to work more actively and need to work more actively and closely together to develop standards and working relationships to aid users in knitting together and controlling global networks. More help from the telephone companies might convince users to do less for themselves and that means more involvement and revenue.

Many multinational users complain about the extent to which they, rather than the telephone companies, must project-manage the design and

These companies negotiate country-by-country to procure needed services—a timely and costly process that complicates network planning and encourages users to do more for

topological logic provides a cost motivation for users to do as much for themselves as

appear unresponsive to user needs for worldwide integration, flexibility to adapt to business

more involvement and revenue for the telephone companies. Dennis J. Conroy is a partner with Coopers & Lybrand, New York; John R. Collings is associate director of Coopers & Lybrand Associates, London. were looking desperately for technology both to improve existing services and to provide new facilities.

Today, as a result of major technological advances and the gradual erosion of traditional regulatory constraints, that situation has almost totally re-versed. Merging microproces-sor-based telecommunications sor-based telecommunications and computing technology, in a myriad of forms, is searching for markets. Flood has followed drought leaving many users confused and bewildered, governments unsure how far they should go in releasing their regulatory hold, and equipment manufacturers grappling with the problems of intense competition and an urgent need to fundamentally change their traditional marketing efforts.

The catalyst is this dramatic

The catalyst is this dramatic technology change is the sili-con chip. It is now possible to put nearly Im electronic comput nearly in electronic com-ponents on a une-equare-centi-metre chip of silicon and, al-though it is getting increasingly more difficult, researchers see no reason why the density should not continue to double every 18 months for the next ten to 20 years.

ten to 20 years.

These miniature, high speed circuits form the basis of equipment which enables telecommunications and the newer information technology systems to use the digital language of the communications.

use the digital language of the computer.

Digital technology allows all forms of information — voice, data, moving pictures and so on — to be converted into a common binary code and sent in a bit stream from one subscriber to another over the existing telephone or other specialist networks.

The world's telecommunications administrations are investings heavy in converting their traditional analogue networks to handle digital communication. All these administrations are all moving towards the ultimate

moving towards the ultimate goal of a fully integrated services digital network (ISDN)
which will carry all modes of
communication quickly and
efficiently with the same full
world-wide subscriber-to-subscriber access that we now enlow with the talenhouse joy with the telephone.

Everyone agrees that the days of the plain old telephone

are numbered, but there are many different opinions about what is actually going to replace it and, equally important, when.
The speed of market acceptance of new technology always appears slower than initial predictions. In the early 1970s, for example, there were confident forecasts of a massive spouth in forecasts of a massive growth in which is British Telecom's new data communications requiring Ringo service which allows subthe introduction of large public scribers to participate in a tele-

Cost remains critical factor LESS THAN 20 years ago, users supporters would have to admit the use of higher data rates. of telecommunications equiptions that they are still very small Full duplex operation up to ment and systems, particularly and not growing at the rates those in the business sector, originally predicted.

gress in the business market area, for example, the UK's innovative Prestel Videotex system falled to arouse mass market interest as was predicted by its promoters. There are so far to the individually routed to their destination, has also been in operation in the Prestel network.

The key to future market acceptance of new services will be cost. Users seem prepared to try almost anything, provided it can be cost-justified.

This may involve the manuadition to stimulating compensations.

Similarly, although it is now with dedicated circuit switched beginning to make some prodata networks for high transgress in the business market mission speeds.

New telecommunications services: the world's telecom administrations are investing heavily in converting their traditional analogue networks to handle the digital language

of doing so. It is a marketing ploy used with some success by the French in establishing its Videotex service, a marketing method best described as the early Kodak principle in which cameras were sold below cost, the "loss" being more than re-couped later by the sale of film and on film processing. In spite of the arrival of the

many new services, voice com-munication is expected to remain dominant into the next main dominant into the next century. There will be numerous improvements with telephones becoming more sophisticated and with many user-features. Call set up times will be reduced to two or three seconds and the network will provide numerous facilities, such as user controlled diversion, ring back when free and conference calls.

New voice services are now becoming available such as the voice mailbox. This service en-ables a subscriber to ren ta "mailbox" at a network centre in which callers can leave mes-sages for later retrieval by that

The technology of cheap mass digital storage is also being applied to the provision of wide ranges of recored information services, a recent example of which is British Telecom's new Ringo service which ellows sub-

also been in operation in the UK since 1981. Network interworking options are available

This may involve the manusaddition to stimulating compe-facturers or service supplier addition to stimulating compe-tation in the national network actually giving the hardware between British Telecom and associated with a new service Mercury, has also resulted in the arrival of a large number relying on the use of that services to quickly recoup the cost Network Services (VANS) offer-

of the computer, as Bob Raggett reports here.

> ing new services and facilities ranging from telemarketing to disaster recovery process By the middle of this year the number of VAN service-providers had grown to about 150 with the number of operational or planned services estimated at about 600. Of these, the majority offer non-speech services and in-cluded on-line database access,

> telex bureaux and electronic In the speech area, the most common services offered are voice messaging and telemarket-ing. It is predicted that the UK will lead the European-wide take-oft of VANS from 1986 with a growth rate of about 50 per cent per annum to 1990. The UK market is forecast to grow from about £210m this year to almost £1,400m by 1990.

Electronic funds transfer providing point-of-sale credit, automatic cash dispensing and inter-bank transactions - is coming increasingly into use, vices for telemetry, telecontrol and alarms which could, for example, be used by the gas and electricity utilities for domestic meter reading.

In the area of text transmission Toler is expected to make

sion, Telex is expected to main-tain its position as the most significant electronic service well into the next data networks.

Today, while some dedicated networks have been introduced, cations, the most noticeable tion in a number of countries even their most enthusiastic recent trend has ben towards and will eventually eclipse

Telex and operate alongside high speed digital facsimile machines.

In addition to Videotex, a number of new visual com-munications services are becoming available such as interactive cable television and video-conferencing. In the longerterm, as new switched wideband services become available, the possibility of introducing a network conveying sound and vision at an acceptable cost could become feasible. Services such as home shopping, home banking and even the electronically-delivered newspaper have yet to make any

significant impact.

In the area of mobile communication, cellular radio has made a major market impact. Possibilities remain to use the system for data communication and as a position location location system. New versions of the traditional radio-paging system are now in service with facilities for sending a short verbal message, a text message indicated on an electronic dis-traction of a dot matrix printer.

How quickly then will the market place accept the current profusion of new equipment and fledgling service offerings made possible by the latest chip, fibre optic and digital technologies? Despite the use of slick consumer-like sales brochures and with even slicker names, initials or acronyms, user-reception has been very mixed.

Recent research carried out for the British Government by the consultancy, PA Interna-tional claimed that about 75 per cent of chief executives in the UK do not regard information technology as an issue which should concern or involve

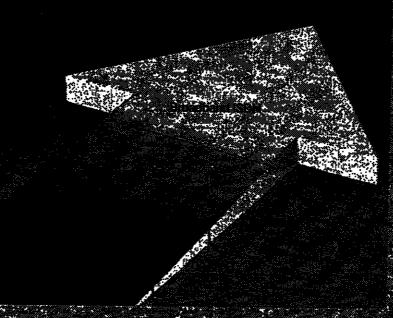
On the positive side, some market areas, notably the travel market areas, notably the travel industry, banks and other financial institutions, have made major investments in information technology systems. This investment is designed to give them a competitive advantage by streamlining their business operations and enabling them to offer new and improved services to their customers. But the overwhelming response from the majority of potential users of the new services has been less than enthusiastic, with the acronym ISDN, for example, been less than enthusiastic, with the acronym ISDN, for example, said by some to mean "Innovations Subscribers Don't Need."

The challenge facing the equipment and service providers is to deliver on the promise of digital technology. That means providing more cost-effective, efficient and higher quality communications. Above all, it involves a significant departure from traditional industry marketing efforts and an ongoing keting efforts and an ongoing dialogue between users, sellers and regulatory bodies. Without it Pandora's Box



tor

SIEMENS



Consideration of the continued and the continued

New contenders are entering the US longdistance telephone service market, bringing fierce competition on all fronts, reports Paul Taylor.

THE \$50 bn-a-year US long-distance telephone market is in turmoil. The Bell System break-up has ushered in a period of intense price competition, structural change and regulatory up-

heaval. American Telephone and Telegraph's long-distance unit, AT & T Communications, still dominates the market place, but tis market share has slipped as MCI Communications—now bol-stered by its strategic alliance with International Business Machines (IBM)—GTE Sprint and other cut-price common car-riers have used technology, aggressive marketing and costadvantage to grab a growing share of an expanding market.

Now some of AT & T's com-petitors, consumer lobbylsts and Congressmen are question-ing whether deregulation has gone too far too fast, while AT & T—whose long-distance telephone business is still closely regulated—argues forcibly that deregulation has lag-ged market realties and that it is being forced to fight a battle with one arm tied behind its

in motion a process designed to 'phase in "equal access" for long-distance telephone companies to local telephone networks, thereby creating a competitive "level playing field" and, in the process, fostering a closer relationship between customer service charges and costs.

Beginning last year, local

charges and costs.

Beginning last year, local telephone companies were required to provide the equipment necessary to allow all the long-distance telphone companies "equal access" to the local telephone network. By September this year the process. September this year the process is due to be almost completed. At the same time the 90m telephone subscribers in the US are being asked for the first time to choose a long-distance carrier. This process has been dubbed "the great US telephone election compaign" and while election campaign" and while the process has caused con-siderable customer confusion it has forced the long-distance telephone companies to under-

market share.
The long-distance competitors are spending an estimated \$300m on marketing and promotion. AT & T accounts for about two-thirds of the total and is stressing service and reliability in an attempt to differentiate its product in what most industry experts agree is fast becoming a cut-throat com-modity business. In contrast, AT & Ts competitors are em-phasising cost.

take an advertising blitz as they scramble to retail, or expand,

with one arm tied behind its back.

The long-distance market remains vital to the new AT & T. Despite new competition, MCI and GTE's Sprint will access payments and aggressive MT & T Communications provides about half of AT & T's total revenues and over half its operating income.

The divestiture agreement set phasising cost.

While the outcome of this fibre-optic cable network.

But these huge capital expenditures together with higher access payments and aggressive price competition have resulted in a dramatic profits squeeze at almost all the OCCs. For example, MCI's operating profits in the first nine months

In preparation all of the major long-distance companies are spending heavily on rebuilding, upgrading and expanding their systems because as access charges paid by AT & T and the other common carriers (OCCs) converge pricing flexibility, and therefore ability to bility—and therefore ability to increase market share—will depend largely on operating and capital costs. Both GTE and MCI invested about \$1bn each in their networks last year. United Telecommunications, parent of US Telecom, another long-distance competitor, spent almost \$596m on construction and plans to build a national

but the introduction of equal access is bringing about other cations services group, which access is bringing about other cations services group, which changes includes GTE Sprint, chalked includes GTE Sprint; loss of \$190.8m in the first nine months last part (1924), compared to operating profits of \$57.1m in the two-year period.

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In includes GTE Sprint; chalked includes GTE Sprint; nickles With are heavily describes as the FCC's "transition policies With are heavily describes as the FCC's "transition policies with are heavily describes at the FCC's "transition policies with are heavily describes at the FCC's hard new that in the first nine months last the first nine months last the fortil months of the two-year period.

As equal access is introduced with results turned negative la

US long distance telephone service

Cempany	1984	9 months	198	4 market
	revenue	'85 rev.	Customers	share
	\$m	\$m	m	%
A T & T	33187.5	25790.0	87m	80
MCI Communications	1960.00	1440.0	2.5m	7.5
GTE Sprint	1245.0*	976.9*	1.3m	5
Alinet	269.0	258.6	3 0 0,000	1
S.B.S.†	290.0	N.A.	200,00 0	0.5

† Definitive agreement for MCI to purchase from IBM all assets and operations of S.B.S. in exchange for approximately 46.7m shares of MCI stock * GTE Communications Services (including GTE Sprint and

	1984	9 months	1984 market			
Company	revenne \$m	*85 rev. \$m	Customers m	share %		
AT&T	33187.5	25790.0	87m	80		
MCI Communications	1960.00	1440.0	2.5m	7.5		
GTE Sprint	1245.0*	976.9*	1.3m	5		
Alinet _	269.0	258.6	300,000	1		
S,B.S.†	290.0	N.A.	200,000	0.5		

Sm 2n 1,00.0 1,193.0 787.7 829.6 731.6 833.1 894.4 1,080.0 724.1 815.5 627.5 720.9 659.5 763.8 660.0 724.7 1,400 991.0 973.0 1,260.0 956.0 829.0 883.0 887.0 +4.1 +8.4 +12.8 +12 +8.4 +8.6 +11.1 +4.6 24.78 6.21 5.99 7.00 7.06

Results for AT & T and seven operating companies

Profits rise for US regional companies

when the Bell system between six and 10 per cent went into effect two years ago, wall Street worried that the seven regional companies the regionals' senior executives (RHC's) had pulled the short

Ma Bell's "orphans" were generally seen as basic utilities —providing local phone services through their 22 local telephone-operating companies and not much more—run by management teams which had yet to prove themselves.

Two years later it is already clear that, while many challenges and uncertainties

lenges and uncertainties remain, the "baby Bells" have struck out on their own with a gusto that has surprised virtu-

ally everyone.

While AT & T's performance
to date has lacked sparkle, the
regional telephone companies each a giant in its own right —now rank among Wall Street's darlings. Buoyed by aggressive cost-cutting, the regionals' profits have generally exceeded expectations and their share prices have substantially outperformed the Standard and Poors 500 index.

three - quarters last year show a substantial gain over the 1984 period, but this largely reflected the group's sub-par performance in the first year after divestiture. Third quarter earnings in 1985 were depressed by a \$97m writedown on older business equipment but even then Mr Charles Brown, AT & T's chairman, noted that the earnings performance "represents an improvement, but still falls far short of our-long range

As a result, most Wall Street analysts have recently lowered their A T & T earnings estimates for 1985 to about \$1.45 a share and about \$1.90 a share this year compared to \$1.25 this year compared to \$1.25 a share in 1985. Given A T & T's current high payout ratio they generally do not expect a divi-dend increase until next year

In contrast, the RHCs have mostly generated double-digit earnings gains which have outed all but the most cotimistic Wall Street forecasts. The exception is Southwestern Bell, whose slight third quarter earn-ings decline—partly reflecting the depressed regional economy —surprised Wall Street and has led Southwestern Bell's 12.7 per first 11 months last year (1984) to substantially lag behind the RHC's average 20.1 per cent share price gain in the same period.

sive managers willing to plunge their companies into a wide range of new businesses. Far from being content to remain plain old telephone companies the RHCs seem determined to become fully fledged competitors in the market for information services and equipment like their old parent and International Business Machines

Ameritech, are lobbying to move back into telecommunications equipment manufacturing and long-distance services — both activities banned by the court-

(IBM).

Profit performances by the new US regional telephone companies have surprised Wall Street, as Paul Taylor AT & Ts results in the first reports from New York.

> approved consent decree—all of them have embarked upon an latory relief at federal and state level, hoping to raise local telephone rates and sell new services, mostly to business

While some have looked overseass for new business opportunities others, like Bell Atlantic, have bought chains of computer

over \$1.2bn on acquisitions in the last two years and invested almost another \$20n in start-up ventures. While the RHC's still receive about 95 per cent of their over \$60hn in annual revenues from local telephone services—and most of their new contribute much to the bottom line for some years—their actions have begun to challenge the very basis of the bell system

During hearings in August,
Judge Harold Greene, who
presided over the break-up,
noted that there is a "strange
gap" between the public's desire to have good local telephone services at reasonable rates and the "almost frenzied eriod.

Overall, however, helped by panies to diversity and concenaggressive cost cutting—the trate on outside opportunities." • Mobile communications—the Bell companies reduced their In their efforts to diversify RHC's operate cellular net-

WHEN THE court-mandated break-up of the Bell system between six and 10 per cent services, making their own went into effect two years ago, went into effect two years ago, went into effect two years ago, went march. But perhaps most surprisingly than 10 per cent of their than 10 per cent of their revenues from new and unreguited businesses. The RHCs do not however,

appear willing to sit idly by leaving these rules unchal-lenged. In Washington they have mounted determined ground rules efforts which many industry analysts believe will eventually bear fruit and which could, in essence, amount to a tearing up of the original consent decree.

In the meantime, despite the concerns of some Wall Street analysts and state regulators who fear the RHC's could run into trouble with unfamiliar non-regulated businesses, they are plunging into everything from property to publishing and

retailing.

The driving forces behind this near-stampede are competithis near-stampede are competi-tion, technology and regulatory change. The RHC's fear that unless they diversify they could find their local telephone monopoly threatened by satel-lite companies "by bypass" technology, including non-Bell optical fibre systems and cable TV operators who have already started selling local services to big corporate customers. big corporate customers.

right to the heart of the local Bell companies' business. Longdistance carriers are already allowed to offer local toil calls in 10 states and under a recent FCC ruling AT&T itself will be allowed to bypass local tele-phone networks to deliver its popular "800" and Wide Area Telephone Service (WATS) directly to business clients.

In response, the RHC's have been searching for longer-term alternatives to local telephone services to enhance revenues and earnings. Among these are: Publishing — building on their inherited \$5bn-a-year Yellow Pages business several of the RHC's have begun expanding their publishing and adver-

empires. • International—All of the telephone system expertise over-

 Computers—Nynex, Bell Atlantic and Pacific Telesis, have all established chains of retail computer stores. • Financial services and property — among the regionals, US West has emerged as the most aggressive in this field building up a \$70m portfolio of outside properties and pay-ing \$74m for two commercial lending companies.

would also rather avoid the headaches associated with their day-to-day operations. This should mean a booming market for "virtual private networks."

These networks are operated by common carriers and rely on sophisticated software which allows lines to operate as if they were dedicated.

Bell companies reduced their into the system with as much ease as telephones are plugged in now.

* * *

The writer is US Editor of the newsletter Letter from America — Telecommunications sophisticated software which allows lines to operate as if they were dedicated.

Bell companies reduced their the RHC's are currently constrained by severaly key factors. The end of September—and of September—and of September—and of September—and favourable rate increases, the commission (FCC) rules restrict their ability to sell in their efforts to diversify the RHC's operate cellular netheral communications the RHC's are currently constrained by severaly key factors. The end of September—and of September—and of September—and favourable rate increases, the RHC's operate cellular netheral communications that the restrict their ability to sell in the first nine are seeking to go nation—the ease as telephones are plugged in now.

**The writer is US Editor of the acustetier Letter from America — Telecommunications and Markets and Markets and Markets, published monthly in London by Communications formation services using their own areas but the end of September—and from the ease as telephones are plugged in now.

**The writer is US Editor of the RHC's are currently constrained by severaly key factors. Communications favourable rate increases, the communications formation services using their own areas but the end of September—and from the end of September—and from the end of September—and formations favourable rate increases, the commission (FCC) rules restrict their ability to sell in the first nine of the RHC's are currently constrained by severally key factors. The end of September—and formations favourable rate increases, the commission (FCC)

Confusion for business customers

In the US, business customers now find themselves with a bewildering range of endusers options, following the break-up of the Bell system, as Lawrence Gasman reports.

ALTHOUGH IT is almost two years since the monolithic Bell System was broken up, US business customers con-tinue to reel under the weight of changes that the break-up

As end-user options have telecom munications less in terms of an essential business service, but rather as a competitive tool. This is especially true in the financial services industry where companies such as Merrill Lynch and Citicorp have invested huge amounts in telecommunications networks and associated office automation

But for most companies the situation is well summed up by Mr Robert Snyder, manager of telecommunications for Allis-Chalmers. According to Mr Snyder, there is "a lot of extra of trouble . . . the big-gest impact is a ton of con-Business customers have had

to deal with change before, of course. During the 1970s, as the result of FCC deregulation, businesses in the US first began to buy significant amounts of telecommunications equipment and services from outside the Bell System. Vendors such as Rolm, Northern Telecom, and Harris

hegan to eat into the PABX market by offering digital switches not then offered by AT&T. And during the same period, alternative carriers such as Satellite Business Systems started to offer high speed digital links to large businesses in competition with what was then AT&T Long Lines. But communications managers still had the option

responsibility of many parties. top 25 to 15 to vendors, then on through the facilities of the local Bell telephone company to a long-distance carrier uch as AT&T Communications, MCI, or GTE

The long-distance carrier then switches the call to the Bell company that serves the called party, and finally the call goes to that party's CPE. If something goes wrong it can be blamed on the customer's own equipment, or on the local telephone company, or on the long-distance carrier. (And everyone wants to blame the next person!)

Considerations

The demise of AT&T's socalled end-to-end responsibility for the network has left many for the network has left many business customers wondering whether they could achieve more flexibility and control by installing their own private cor-porate communications systems, rather than relying on the public switched network.

Another reason for building private communications net-works is to "bypass" the local loop. This saves the business customer from having to cover the cost of the access fees that long-distance carriers have to pay the local telephone companies for interconnection to their public facility.

Most private networks now in operation are based on leased lines or on microwave links owned by the subscriber and purchased from companies such as Spectrum Digital. Cable television and even cellular radio

may eventually be used in local bypass networks.

The size of some private net-works can be enormous. The largest such system in the US
was built by the aerospace company, McDonnell Douglas, and
consists of \$58m-worth of voice,

FROM TELECOMMUNICATIONS TO ELECTRONIC SERVICES

The report of the major IIC Study of Telecommunications Structures in the US, Canada, Finland, France, Germany FR,

• the various national approaches toward -- and the difficulties of — drawing boundary lines between different kinds of services or distinguishing between various service providers;

• the problems of moving towards cost-based pricing for

the global changes in the telecommunications sector and how

the need for new approaches and mechanisms to address-policy problems and industrial trends on a worldwide basis.

policy problems and mouseum accordance with the conclusions have to be taken very seriously."

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countries are managing the transition to new industry

Japan and the UK. The report focuses on:

of going to AT&T for all their data, facsimile, teleprinter, and telecom needs. With the Bell break-up, business customers were forced into a bewildering multivendor environment. The "typical" long-distance business call is now the top 25 telephone companies in

> But umike McDonnell Douglas not all business customers want to try to recreate the old Bell System in their own back yard. Most have more restricted aims. The US Customs Service, for example, has recently installed its own private data network, based on packet switching equip-ment from BBN Communica-

This system will link 2,900 terminals at around 300 border points in the US, Canada, and the Caribbean to data processing centres in the US. The network can be expanded to include certain operations of the Internal Revenue Service and the Treasury Department.

It is not just business and government organisations that are building their own private communications networks — universities are also in on the act. In the past few months, for example, the University of California at Irvine has in-stalled an Ericsson MD110 PBX with a configuration that includes four switching nodes, linked by conventional cable, fibre optic cable, and microwave. The 3,400-line 65-building system has been handling 10,000 intra-campus calls and 30,000 off-campus calls daily.
Private networks based on leased lines and connecting PBXs, data terminals or tele-

printers have in fact been in use for some time. Those com-panies that have historically relied on private networks have from some of the chaos sur-rounding the Bell break-up. At least they knew the rules of

the multi-vendor game.

Thus, according to a communications official at Ford who did not wish to be identified, "the impact of the Bell break-up for Ford has been lessened by the fact that we have our own in-house facili-ties."

Nevertheless, the Bell break-up has changed the economics lines, of the private network as leased

And of the private network as seased line tariffs have changed and access charges have been access charges have been advent of shared-tenant com-

nets are going out of business. than one company is wired for Allis-Chalmers used to have sophisticated data communicaa private network linking 100 tions, with these facilities locations in 1981. Now this being shared between all or number is down to 10 and will some of the occupants. have dropped to five by next

Expensive

But all such networks, new and old, are expensive to install and run. Most communications managers, while desiring the would also rather avoid the into the system with as much headaches associated with their ease as telephones are plugged

Centrex, a service which offers PABX-like features through the telephone com-panies local switch, is enjoying break-up Centrex was in decline because AT & T wanted to push PBX sales. The divested Bell companies have less commitment to marketing PBXs and have revived Centrex. One change in particular is that in some areas, Centrex is

now being offered to companies with as few as one hundred lines. Prior to the Bell breakup the smallest customers with access to Centrex had 1,000 Another development affect-

Here an Furthermore, some of the old building occupied by more There are about 250 existing or planned multi-tenant com-

munications projects in the US. Finally, on the horizon, lies the ultimate digital network, the Integrated Services Digital Network (ISDNs). By the 1990s, this will provide access to digital transmission through compatible terminals, plugged

The next big surge in office information systems depends on wider integration of equipment

Office automation remains haphazard

Rising interest in local-area networks

COMMUNICATION has always been at the heart of office efficiency. The problem today is how to gain added efficiency by translating conventional communications in the office to their electronic equivalent at an economic price while maintaining the human values of traditional work practices.

In other words, it makes little sense to instal an electronic mail system at a cost of several thousand dollars a station if office workers find the electronic system inflexible and unfriendly while conventional mail does the job just as well.

The potential inherent in a comparatively low-cost introelectronic technology to simplify duction which gave tangible office work ranging from copytyping and searching files to preparing presentations and business plans has been recognised for decades. With the advent of spectacularly cheaper equipment based on micro electronic technology, manufactured to the company data processing centre.

The boom in professional computer sales has in

misunderstanding:

First, the suppliers failed to understand that their machinery. seen betore, was nownere near powerful enough to satisfy their customers needs.

Second, the customers failed to appreciate how much they would have to change their work practices permanently to accommodate the new machinery.

pany data processing centre.
The boom in professional personal computer sales has, in the US at least, slowed dramatronic technology, manufac-turers and suppliers were the US at least, slowed drama-encouraged to indulge in the US at least, slowed drama-similarly sepctacular assertions surveys are beginning to show of the effectiveness of the new that managers are tiring of the of the effectiveness of the new machinery.

Their customers quickly learned from experience, however, that the reality was several steps removed from the customers and delegating much of the routine keyboard work to subordinates.

Ms Randy Goldfield, president ever, that the reality was several steps removed from the clossy images in the brochures.

There were two critical areas of misunderstanding:

First, the suppliers failed to understand that their machinery could be several work to subordinates.

Ms Randy Goldfield, president automation seems to be dependent on the emergence of cheap and effective methods of connecting together all the principal participal participa

tween the workstations com-panies are planning to buy and municate with their company the functionality they says is mainframes using their personal

n:47 the panacea to solve a range of communications prob-lems. Growth in number of companies claiming they will in-crease use of LANs is stagger-ing ... of all applications, communications shows the greatest net increase over the next two

understand that their machinery, although vastly cheaper and more powerful than anything seen before, was nowhere near powerful enough to satisfy their customers needs.

Second, the customers failed to appreciate how much they would have to change their their customers their customers failed to appreciate how much they would have to change their their customers their customers failed to appreciate how much they would have to change their the workstations computers, electronic file stores, facsimilie machines, printers, copiers and so on.

Not only must it be possible to link together all the elements of the office, telephones, word processors, personal computers, electronic file stores, facsimilie machines, printers, copiers and so on.

Not only must it be possible to link together all the elements of the office, such a system executives and manakers to computers, electronic file stores, facsimilie machines, printers, copiers and so on.

Not only must it be possible to link together all the elements of the office, telephones, word processors, personal computers, electronic file stores, facsimilie machines, printers, copiers and so on.

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would have to change their tween the workstations comwork practices permanently panies are planning to buy and the functionality they says is important to them. The Great computers.

So, for the most part automation of the office has been piecemeal and haphazard. Word processing equipment provided works (LANs) are seen to be should also make it possible for municate with their company mainframes using their personal computers.

(Note well the use of "company" and "mainframes"; this so-called integrated approach, although well worked out in

n=204 theory is very new in practice,

LAN was the buzz-word of the late 1970s but was over-shadowed by the emergence of the professional personal com-puter market in the early 1980s. Now it has returned to promi-

A LAN essentially attempts to solve the proolem of moving very high volumes of information at very high speeds around a comparatively small area—a single building, for example or an office complex. It must cost comparatively little to instal, it must be compatible with the fabric of the building (a hor-rendous problem, this one, in older buildings) and it must operate in a virtually error-free fashion. Ideally it should be possible to move information as

voice, data or images around the same network.

The best-known and most researched LAN is Ethernet, developed, as were so many ideas of how the electronic office should be implemented, at the Xerox Palo Alto Research

A number of manufacturers have now developed LANS to Ethernet specifications. It comprises a single data communicaprises a single data communications channel or "bus" to which all the communicating components are attached through a simple connector. Stations "ilsten" for activity on the bus and then send messages, if all seems clear. If messages collide, both stations against sending for the sending sending for the sending sendi stations cease sending for an abitrary period then try again. Statistically, all the messages will eventually get through.

Ethernet can operate at very high speeds — up to 10 million bits of data a second — but its efficiency drops as traffic increases.

sionals to the end-users.

With the move, the networkthe same network.

By comparison, conventional plexities, the ball moved firmly

communications between com-puter and computer or computer park. And the dp professional and terminal are complicated, was waiting to see what IBM very expensive and cumber- would do.

IBM's influence is so great that few dp managers would be prepared to implement a major strategy without knowledge of the intentions of the glant of the industry. It tantalised and irritated

customers just over a year ago by announcing the cabling system it intended for use with its LAN. Then in October 1985 it announced the system itself, a "token-passing" ring, costing initially about \$830 a station for

• •

The ring is, in fact, physically The ring is, in fact, physically and electrically compatible with the US electrical engineering institute (IEEE) token ring standard 802.5, and IBM has declared it will be an "open" total multipling the interface system, publishing the interface specifications so other manufac-turers can build on its founda-

bits of data a second — but its efficiency drops as traffic increases.

It was expensive to instal — \$800 or so for a connection — and that, coupled with the novelty of the integrated approach to office automation, meant that while interest was high, sales were luke-warm.

Furthermore, a significant administrative change was taking place. While low-cost professional computers and cheap software was being installed, the balance of power in data processing swung away from the data processing professionals to the end-users.

Those other manufacturers remain wary, however, European and other manufacturers and other manufacturers remain wary, however, European and other manufacturers continue to push for the universal adopton of internationally agreed standards (the would mean in theory that any piece of computer-based equipment could be connected to any other. As Dr Robb Wilmot, chairman of ICL, noted in a neat paraphrase of the old industry saying: "By the year 2000, the manufacturers remain wary, however, European and other manufacturers. ever got fired for buying products to international

Alan Cane

The switching market in Europe

Pressures mount on European suppliers

The structure of the

telecommunications

in Europe remains

fragmented, but the

manufacturing industry

investments needed to

remain technologically

as Guy de Jonquieres

per cent.

No broad-range supplier can any longer survive solely on such a small market share.

Moreover, European administra-tions are increasingly splitting

anxiously seeking ways to secure their survival.

There has also been a wave of

reports here.

TELECOMMUNICATIONS manufacturing is regularly tion capacity. But they seem singled out by national and EEC policymakers as the only major sector in which Europe still looks able to mount a problems of international comprehensive and the second sector in the sec serious industrial challenge to the high-technology superiority of the US and Japan.

On paper, Europe's position appears promising. In contrast to the computer and semiconductor industries, where European suppliers have been reduced to minor roles even on their own home markets, EEC countries collectively enjoy a trade surplus in telecommunications equipment of about \$1bn a year.

The European industry car 🚾 boast a solid record of technical achievement and innovation, in-cluding the development of pulse code modulation, one of the key elements in digital com-munications. Moreover, Europe has a large number of telecommunications manufacturing companies, several of which have established good export positions in "uncommitted" (mainly third world) markets.

haules

(mainly third world) markets.

However, the outlook for the
European industry is more precarious than these facts would
seem to imply. The structure
of the industry — as well as
of its main geographic markets
—is fragmented. Much of its
production is in sectors where
there is excess capacity, notably
in public switching.

in public switching.

European companies have also lagged in fast-growing world markets to private systems. According to Dr Henry Ergas, a telecommunications economist with the Organisation for Economic Co-operation and Development. "The new genera-tions of telecommunications terminal equipment — be they modems, PABXs, or communicating workstations — are not being pioneered in Europe."

The bread-and-butter (and much of the jam) of the European industry remains the sale to telephone network operators of public telecommunications equipment, and particularly telephone exchanges. However, this business is being squeezed from both ends.

The investments needed to remain technologically competitive are soaring. The latest families of digital public exchanges each cost \$500m to \$1bm to develop, largely because of the huge cost of writing the intricate computer software they use. The annual expenditure needed to keep their design up to date is likely to be \$100m or more for each system.

About a dozen different sup-Plessey.

These measures may go some pliers are offering digital ex-changes in Europe, against only

publication.

machine.

European suppliers share many Greece of the same weaknesses. Long encouraged by their governments to think of themselves as "national champions," the leading European companies seem unwilling to make the reciprocal concessions which more than token collaboration would require.

competitive are soaring, three major contenders in the authorities (PTTs).

U.S. Furthermore, while the American market is about 40 per cent of the world total, no European national market amounts to much more than 5 Even in France, which has enthusiastically supported the idea of intra-European collaboration, the state-owned CGE group, the parent of Cit Alcatel, is in advanced negotiations on a deal with-AT&T. So far, the French Government has concessed any linkup. The has opposed any link-up: the Government was strongly critical of the AT&T-Philips agreement two years ago, which it condemned as treachery to the

tions are increasingly splitting orders between two or more digital systems: British Telecom's decision to pit the AXE exchange developed by L. M. Ericsson of Sweden against System X made by Plessey and GEC is only the latest example. Some European companies, notably Philips of the Netherlands, France's Thomson, Britain's STC and Hasler of Switzerland, have already been forced to drop their own ex-European canse.

West Germany's Siemens, probably Europe's strongest electrical and electronics group, is openly dismissive of talk of an "all-European" strategy in telecommunications manufacturing. It is pinning many of its hopes on the US, where it is spending \$200m on an attempt to enter the public exchange market and is discussing proposed collaboration with forced to drop their own ex-change development pro-grammes. Most others are ing proposed collaboration with GTE, the second largest Ameri-

defensive rationalisation moves between telecommunications manufacturers in several European countries. In France, Cit US public exchange market, Alcatel has taken effective conthough with mixed success so Alcatel has taken effective con-trol of Thomson Telecommunications; in Italy, a merger has been agreed between Italtel and Telettra; and in Britain, GEC has launched a takeover bid for way to removing excess productry's problems stem from the

problems of international competitiveness. A race is now on between major European manufacturers to forge international alliances with stronger pariners.
There bave been repeated attempts at rapprochements between European companies. But so far, these have achieved little progress, in part because

It now appears more likely that the main axis of the Eurothat the main axis of the Euro-pean industry's future alliances will be transatiantic. Both Philips and Olivetti of Italy have already formed close links with American Telephone and Telegraph, while IBM is press-ing hard to establish ties with national telecommunications authorities (CEPA)

Alcatel are also seeking to establish bridgeheads in the far. Siemens is the only Euro-pean company to date to have won an order from one of the Bell regional telephone com-panies which are the main customers for public exchanges. Many of the European indus-

(digital switching) Siemens ITT 50% Austria ITT Local manufacturer 50% Local mantetre: ITT patent Northern Telecom Patent ITT 80% GTE 20% FTT 80% GTE 20% FTT 10% Cit-Alcatel (patent) 50% Ericsson 30% Siemens 15% FTT 15% Siemens 25% ITT 25% Exicsson 25% FTT 70% Ericsson 30% Cit-Alcatel) ITT 42% Eriesson 18% CGCT 16% Cit-Alcatel 40% Plessey **{ 100%** ETT GEC **GEÇ** ns 40% FFT 40% Philips 15% Eriesson 65% Cit-Alcatel 40%

Ericsson 65% FIT 25% FIT 20% GTE 5% Ericsson 15% Ericsson 60% FIT 40% Philips 75% Ericsson 25% ITT 100% Philips ATT 75% Siemens 60% ITT 40% ITT 30% Tekade 15% FIT 50% Plessey 50% Ericsson 100% Ericsson 100%

Comparative Investments

_	Telecommunications equipment market 1981 (\$m)	Population (m)	\$/Capita
EC total	8,630	270.86	31.86
Japan	5,310	116.78	45.47
.XVS	18,300	227.66	80.38
		Source	: Arthur D. Little

compartmentalisation national markets and suppliers' dustry's future growth will lie heavy reliance on protected in selling equipment such as orders and subsidies from their terminals direct to end-users. national PTTs.

TTT 35%

Switzerland

Some critics argue that this dependence has robbed the European manufacturers of the spirit of enterprise. Sir George Jefferson, chairman of British Telecom, described them last year as "introspective and non-risk tables, experience of months." can telephone company.

Ericsson, Plessey and Cit poly customers."

Because they have enjoyed large orders from their national telecommunications authorities. which buy almost three-quarters of their output, few European telecommunications companies have made much effort in the past to develop their own marketing and distribution re-SOurces This is starting gradually to

as the companies

of recognise that much of the

An additional handicap is the severe shortage in Europe of young "start-up" companies of the kind which have pioneered much of the innovation in products such as workstations in the US. Some of these, such as Rolm, a leading US supplier of digital PABXs, have become industry leaders less than a decade after they were set up.

In Europe, however, differing technical standards and approvals procedures, complex administrative procedures and outright protection create enoradvances in communications and information technology. mous obstacles for young com-panies. As a consequence, the ranks of the leading suppliers in most countries have changed little in recent years.

Britain sets the pace for reform

THE INSTITUTIONAL structure of state-dominated monopoly which has governed the European telecommunications European telecommunications pects for a concerted attempt industry for most of this century to reduce the jungle of incomis starting to shudder and flex patible rules and regulations under the impact of technological, economic and political

In Britain, the system has already been cracked decisively by the programme of market liberalisation launched in 1931 and by the sale to private investors last year of just over half the Government's stake in British Telecom.

At present, Britain's experi-ment is by far the boldest break ment is by far the boldest break with the past made anywhere in Europe. But in many other countries, debate about the reform of telecommunications policy has been gathering momentum and in some cases is starting to produce action. For example:

example:

• In West Germany, a Government-appointed committee is reviewing national telecommunications strategy and the role of the powerful Bundespost (Post Office).

• In the Netherlands, the Government has reached an

advanced stage in considering proposals to inject private capital into its PIT (telecommunications authority) and break its monopoly over the supply of subscriber equipment.

In Italy, 30 per cent of SIP, the principal state-owned net work operator, was sold this

year to private investors.

• In France, right-wing opposition parties have indica-ted that they may press for measures to reduce state intervention in the national PIT if they win power in next year's parliamentary elections.

• In Ireland, the PIT was

turned at the start of last year from a government department into a state-owned company. A prime motive in each of these developments is the desire by policymakers to transform their national PTTS from civil service bureaucracies into more commercial enterprises, equipped to exploit more effectively the economic benefits of

ordinated way. In spite of efforts by the European Commission in Brussels to nudge governments towards a common

pursuing different courses and the interests of getting better timetables.

PTTs have

Hence the near-term proswhich keep Europe's telecom-munications market divided do not look particularly promising. Even in areas where the need for standardisation is universally accepted, such as the new generation of ISDN services, progress is halting and frag-

In Western Europe, the debate over telecommunications reform is gathering momentum, although changes in some countries are taking place in a largely unco-ordinated way, as Guy de Jonquieres reports.

The maintenance of Europe's narket patchwork imposes a high price, both for suppliers of equipment and services and for telecommunications users. Equipment which is legal in some countries is prohibited in others, the kinds of service provided vary from country to country and there are huge

discrepancies between national tariff structures. Within countries, moreover, the search for a fresh approach to telecommunications policy is fraught with complexity—and confusion. For example, the terms "privatisation" (of the PTT) and "liberalisation" (of the market) are still used interchangeably in many continental countries, even though Britain's experience has shown that in practice they refer to quite different—and sometimes con-

flicting—actions.

In most European countries, the PTTs have long had two principal roles. One is to provide nationally the infrastructure and services for modern telecommunications. The other, which has evolved steadily over However, the changes are taking place in a largely uncoordinated way. In spite of through spending on research and insistent customer demands for the interests of wider choice, is also making PTTs pay closer attention to through spending on research marketing. and development and procurement.
Reconciling these two func-

telecommunications policy, tions is, however, becoming an individual countries are all still increasingly delicate task. In

value for money, PTTs have started to adopt competitive tendering policies for many larger items of equipment: in most countries, public exchange orders are today split between

two or more systems.
Inevitably, this trend is creating tensions. In France, the PTT protested vigorously the PTT protested vigorously a few years ago when he two biggest suppliers. Cit Alcatel and Thomson, merged. British Telecom's decision this year to order L. M. Ericsson AXE exchanges and its bid for 51 per cent of Canada's Mitel aroused strong resistance from Plessey and GEC, its main traditional suppliers.

At the same time, internationar demands for wider choice are bringing pressures for

are bringing pressures for change in the PTTs' roles as service providers. The outbreak of a price war last year between US carriers on the transatlantic route has prompted many European PTTs to cut their tariffs to North America and to compete more vigorously for traffic.

Because international calls

are immensely profitable, price changes are bound also to have tariff structures. BT has already begun rebalancing its tariffs to reduce the traditional crosssubsidy between profitable business customers and unprofitable residential services, and France

Other countries, such as West Germany, are still resisting such adjustments, which are politic ally controversial. However, it continue to hold out without damaging their own revenue base.

The danger they face is by setting tariffs for highly profitable services far above the cost of providing them, they may encourage business customers to route as much traffic as possible through countries which offer more attractive prices.

The increasingly broad spec trum of services which techno-logy is making possible, and

Since 1981, BT has launched a battery of new services aimed CONTINUED ON

Actual size.

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BT responds quickly to fend off its rivals

A stimulus to competition in the UK has benefited customers, but British Telecom remains the major player, Jason

cations in Britain was wholly the responsibility of the Post Office which was only answerable to the Government. It behaved rather like a majestic old cruise liner which had seen better days — shabby, slow to move or turn, and with an un-helpful crew. The officers seemed to believe it had the right to roam the seas alone,

The then new Conservative Government — with more complaints than telephones ringing in its ears — set about the old tub with an enthusiasm which was inspired by the sleek and fast liners to be seen on the other side of the Atlantic.

The result was a major refit sizem and, as a result, has which divided the Post Office into two, with the telecommuniposition to the full.

Crisp reports SIX YEARS ago telecommuniin the way that was expected or in the way that was expected or probably desired. Undoubtedly, the business customer is much better served than before— which was not too difficult, which was not too unicity, given the woeful level of service at the time. But finding signs of a flourishing British telecommunications industry

telecommunications industry outside of BT itself is not such an easy task, Reinforced Two events have happened which have reinforced British Telecom's position in the UK.

First, it has responded to the threat of competition with

cations side becoming British Second it has been helped Telecom and a new set of rules to retain this position by the which allowed a variety of other vessels to ply their trade.

Telecom and a new set of rules to retain this position by the which allowed a variety of other vessels to ply their trade. vessels to ply their trade. to maximise the return it re-The Government's vision at ceived from the sale of shares that time was to create a vig-in BT last year.

which would result from the stimulus of competition.

Up to a point this scenario has been true, but not always in the way that was expected or weak financial systems meant a

break-up would not have been possible in the short timescale for privatisation envisaged by the Government. There was the further factor of BT's possible role as the flagship of Britain's information technology business. By keeping BT as a single ness. By keeping of as a single entity—with an expected turn-over of more than £8bn this year—it has a powerful base from which to expand interna-

The impact of competition in the three main areas of telecommunications — equipment, special services and the basic networks—has been mixed. BT has retained a surprisingly large share of the equip-ment market from telephone

market.

But as PABXs have an expected life of at least eight years there is very little of the It was to be restricted to present market left for all the new entrants to capture, itonal connections and without Indeed, sales of PABXs are a dialled service. Mercury is new entrants to capture, Indeed, sales of PABXs are likely to fall quite sharply over the next few years until a re-placement market develops. The much-hyped liberalisa-tion of value-added network services (VANS) has so far turned out to be a damp squib. Although several hundred services have been registered there have not been great signs of activity. This outcome has, to some extent, been hampered by Government prevarication over the regulations.

One of the more interesting developments has been the formation of STC Network Systems within ICL to bring together the STC-ICL networks under one roof. On the export front, handsets to large and powerful strongers (PABXs). Its success in the PABX market has left thin pickings for those com-STC has in the past year won through was the ruling on inter-further large orders from China connection with BT which was

The privatisation of BT promunications business. British manufacturers, freed from the restrictions and constraints of a monopoly telecommunications buyer, would spring forth in a vigorous and dynamic manner, it claimed. On top of that all business would benefit from the stimulus of competition.

The privatisation of BT promoders in the greatest single contradiction. A study earlier this year start out that way. When Merstart out that way. When M

now a wholly-owned subsidiary of Cable and Wireless, and will be competing with British Tele-com for almost all telephone

Own network

Early next year it will start country which will be achieved through interconnection with BT's own network. Mercury already has international links which are being expanded. Initially it is offering its services to business customers, but in 1987 may also compete for residential telephone users. Mercury's greatest breaksuccess in the PABX market has and the US for optical transmisleft thin pickings for those companies entering the British
market as a result of liberalisa
made in October by Professor
Bryan Carsberg, directorgeneral of the Office of Telethe most dramatic result of the
communications.

As a result of the considerable legal, commercial and regulatory changes in Mercury, analysts have increased their expectations of the company. It is now expected to grow very regulater and make substantial rapidly and make substantial

Although Mercury still has much to prove, it does look like being the most successful product of the government's tele-communications policy. The other area of success is in cel-lular radio where two operators have been licensed to compete

— British Telecom with Securi-

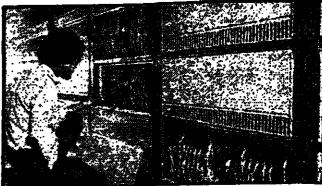
cor and Racal with Milicom, a small US company.

Other than with Mercury and cellular radio, Government policy on liberalisation has only had a very limited sucess. There is little given as far of healthy. is little sign so far of healthy and vigorous competition developing to compete with DT. But is also true that BT has improved so much few would recognise it from the tired old ship it once was.

Vodafone. largely owned by

• Customers' Equipment. While

telecommunication networks.



AXE digital switching systems have been very successful on world markets. Britain is one of 62 countries which has selected the system—the exchanges in the UK network will be produced at Thorn Ericsson's Scunthorpe plant in a contract for BT worth up to

Initiatives begin to bear fruit

In France, high priority is being given to a strategy of expansion in the industry, David Marsh reports

IN LINE with the traditional Gallic policy of giving economic priority to high technology, the French Government is sparing no effort in propelling tele-communications along a growth path. A welter of initiatives conceived and put into operation under both the Socialist and the previous right-wing administrations are now coming

to fraition. More than ever, the Direction and Securicor, the other is Generale des Telecommunica-tions (DGT), the country's telecommunications authority, is trying to play a strategic as well as an economic role by improving expertise and spur-ring innovation in French communications.

There are still question marks over the eventual economic return of some of the more headline-catching initiatives in areas like cable and satellite ment's telecommunications liberalisation programme was to replace the monopoly on the network with a duopoly. Mercury Communications, now a wholly-owned subsidiary of Cable and Wireless, looks set to grow very rapidly and profitably as Britain's second network in Longrow very rapidly and profitably as Britain's second network in Longrow very rapidly and profitably as Britain's second network in Longrow very rapidly and profitably as Britain's second network in Longrow very rapidly and profitably as Britain's second network in Longrow very rapidly and profitably as Britain's second network in Longrow very rapidly and profitably as Britain's second network in Longrow very rapidly and profitably as Britain's second network in Longrow very rapidly and profitably as Britain's second network in Longrow very rapidly and profitably as Britain's second network in Longrow very rapidly and profitably as Britain's second network in Longrow very rapidly and profitably as Britain's second network in Longrow very rapidly and profitably as Britain's second network in Longrow very rapidly and profitably as Britain's second network in Longrow very rapidly and profitably as Britain's second network in Longrow very rapidly and profitably as Britain's second network in Longrow very rapidly and profitably as Britain's second network in Longrow very rapidly and profitably as Britain's second network in Longrow very rapidly and profitably as Britain's second network in Longrow very rapidly and profitably as Britain's second network in Longrow very rapidly and profitably as Britain's second network in Longrow very rapidly and profitably as Britain's second network in Longrow very rapidly and profitably as Britain's second network in Longrow very rapidly and profitably as Britain's second network in Longrow very rapidly and profitably as Britain's second network in Longrow very rapidly and profitably as Britain's second network of the submercial consequences of the whole motor very what is in no doubt, however, is that, in France with t Communications Commission.

Although he underlined that the UK was leading the field in European telecomunications de-regulation, he said that France was a "potentially bright spot," citing particularly the lifting of the state monopoly on TV broad-

casting.
On the other hand, European moves — which have been organised above all by France — to set up common standards in the integrated services digital set work (ISDN) field could end up barring US companies from participating in fast-developing markets link-ing telecommunications and information technology.

The Mitterrand Government has for several years been trying to spur greater unity in European telecommunications through pressing for common standards as well as reciprocal opening of markets. With efforts to sell French digital switching systems in the UK and West Germany failing over the past two years, the Government now however is wrestling with the tricky question of opening up the French market to American Telephone and Telegraph (AT&T).

Allowing in the AT&T/
Philips grouping to take 16 per cent of the French switching market, taking over the former share of the loss-ridden CGCT company formerly owned by International Telephone and Telegraph, would solve the DGT's problem of finding an alternative supplier to break the monopoly hold of the French state-owned Alcatel-Thomson grouping.

Alliances A deal with AT&T would

also be linked to an accord to pool technology, under the leadership of Alcatel-Thomson, in mircowave systems, where France believes international alliances represent the only response to the threatened dominance of NEC of Japan.

Additionally, the Compagnie Generale d'Electricite group which controls Alcatel-Thom-son is hoping AT & T can provide logistical and technical support for the task of selling the French E10-Five digital switch in the US market. Alcatel-Thomson has so far made sales among the indepen-dent US telephone companies but has failed to penetrate the Bell Operating sector which makes up 85 per cent of the deregulated US market. President Francois Mitter-rand himself strongly criticised

the Philips technological link-up with AT & T three years ago. Because of the political implications of any deal to allow the American "Trojan may be delayed until after the

A reduction in DGT switching orders from French industry has been one of the reasons propelling Alcatel-Thomson ever more urgently towards the US market. With the move towards digital switching started in the late 1970s now on its way to being accom-plished, digital switch orders this year are down to about 1m to 1.5m lines a year from 2.5m lines a few years ago. The telephone network now totals 23m subscribers (against 2m in 1955) — and the market for voice services is near satura

connected with the expansion of videotex and associated services have partly compensated for this. About 1m Minitel terminals have now been installed in homes and offices around the country, with the number planned to grow to 3m by end-1986. With the service expanded from its original priority uses as an electronic telephone directory, France has world's best-developed videotex system. More than 1,000 information services are offered via Minitel screens-

was summed up in Paris in central computers, broke down November by Mr Mark Fowler, during the summer under the chairman of the US Federal strain of growing utilisation. strain of growing utilisation. With the average number of interrogations by Minitel users still only about 10 per month, however, doubts still remain over the basic economics of the project,

> French companies have also been stepping up activities in optical fibres to equip local authorities installing cable links under the DGT's FFR 60bn plan for wiring up France by the end of the century. Lower-than-planned pace of ordering, however, has hit some companies in this

> The overall adjustment to a alower rate of DGT orders, as well as a general search for increased productivity, has led to workforce cuts at the Alcatel-Thomson grouping. Mr Georges Pebereau, the chairman of CGE, now says that it is clear that the overall beneficiary of the September 1983 assets swap between his company and Tho

between his company and Thom-son has been the group headed by Mr Alain Gomez. Mr Peberean adds, however, that the deal, concentrating France's civil telecommunica-tions business on CGE and mittions business on CGE and put-ting the military business firmly with Thomson was crucial for the ultimate survival of both

It is ironic that the US army's \$4.3bn order for Thomson's Rita mobile communication system—which has given a big psychological boost to general French telecommunications marketing abroad — will give extra work above all to Thomson's subsidiary Sintra. This is son's subsidiary Sintra. This is a company acquired from CGE under the September 1983 deal. In the satellite telecommunications area, France now has two Telecom spacecraft in orbit offering European and overseas telecommunications as well as a military channel for the French armed forces. The most revealing illustration of France's overall strategy on space technology will come next summer with the launch of TDF-1. Europe's first direct broadcasting satellite broadcasting satellite.
France is launching TDF-1

France is launching TDF-1
the climax of a long running
project first planned with the
West Germans at the end of the
1970s—in an area where other
nations fear to tread.
In June, a consortium of 21
groups decided that a UK direct
broadcasting by satellite project was too expensive and too
risky. The broad lines of the
TDF-1 project are now known
following the Government's following the Government's decision last November to link decision last November to link it to France's first commercial over-the-air TV network due to open in February.

How satellite TV affects the economic basis of other communications projects — especially in cable networks—will be a big question in Paris during 1986.

Once-cosy world thrown into turmoil

Debate over policies

CONTINUED FROM PREVIOUS PAGE

at business customers, while France's PTT has sought to develop a more entrepreneurial approach by setting up arm's length subsidiaries to run operations such as Transpac, its Almost all equipment for use

Department estimates that the market for on-line data base services in the US is three times bigger than in Europe, where it has been restrained by tight regulation. Many larger companies operating in Europe also complain that PTTs still and Racal Vodofone), and a bost and waterstand their needs also complain that PTTs still and Racal Vodofone), and a bost of new suppliers of equipment. British Telecom, now separated from the Post Office and with half its shares in private owner delecommunications services available in the US. However, many PTTs would regard that

AFTER DECADES of stability and rather limited competition Britain's telecommunications in dustry has been thrown into and British Telecom

been shaken by new and force-ful entrants into the market from both overseas and the UK and by the considerable changes in British Telecom, a result of liberalisation and privatisation. Five years ago there were three suppliers of main exchange equipment—STC, the General Electric Company and

operations such as Transpac, its national data network. In the Netherlands, planned liberalisation of the supply of services is intended to bring wider choice. However, there is still a long way to go. The US Commerce Department estimates that the market for on-line data base

available in the US. However, many PTTs would regard that as a threat to their own authority and revenues and are determined to retain control over their markets.

As state organisations which are determined to retain control over their markets.

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As state organisations which are determined to improve efficiency, particularly of System X manufacture, Plessey's response was to offer to buy out GEC's interest in System X production.

A further pressure on the system of the production of the

changes have shaken up the industry, Jason Crisp reports.

1982 STC was dropped and the development programme accel-erated with Plessey as prime

In spite of attempts to speed up the introduction of System X it is still only just beginning to be installed in the network in very small quantities — at least two years later than the revised programme.
One result is that no signifi-

cant sales of System X have been achieved overseas. With the price of exchanges falling rapidly and development costs rising equally quickly there is a widely-held view that it no longer makes sense to have two suppliers competing for the comparatively small UK market.

prospect of a greatly reduced nections, activity in public switching The which used to be its core busi-Mercury ness, Once the TXE4 orders connection it will have effectively withdrawn from the mainstream switching business although it will still have quite a lot of be linked so that anyone on the market in spite of competi-work enhancing TXE4 and either network may dial anyone tion a number of new companies

ment's telecommunications lib-call.

exchange needs from Thorn venture owned by C&W, Barcitles. Ericsson which is to manufac-ture them at its plant in Scun-provide competition for the to become clays Merchant Bank and BP to Mercury is widely expected provide competition for the to become a substantial comture them at its plant in Scunthorpe. At present it has placed orders for 300,000 lines with an option for a further 500,000. First deliveries do not actually begin until late this year.

Meanwhile, STC which has been the sole supplier of the telecommunications regulations a fully-fledged dialled telephone system X programme faces the prospect of a greatly reduced provide competition for the domestic leased line market—a tiny proportion of all telephone and obsymptom of all telephone in good lobbying by C&W, changes in government policy and the provide competition for the domestic leased line market—a tiny proportion of all telephone and they proportion of all telephone provide competition for the domestic leased line market—a tiny proportion of all telephone provide competition for the domestic leased line market—a tiny proportion of all telephone of lobbying by C&W, changes in government policy and the provide competition for the domestic leased line market—a tiny proportion of all telephone provides competition for the domestic leased line market—a tiny proportion of all telephone provides competition for the domestic leased line market—a tiny proportion of all telephone provides competition for the domestic leased line market—a tiny proportion of all telephone provides competition for the domestic leased line market—a tiny proportion of all telephone provides competition for the domestic leased line market—a tiny proportion of all telephone provides competition for the domestic leased line market—a tiny proportion of all telephone provides competition for the domestic leased line market—a tiny proportion of all telephone provides competition for the domestic leased line market—a tiny proportion of all telephone provides competition for the domestic leased line market—a tiny proportion of all telephone provides competition for the domestic leased line market—a tiny proportion of all telephone provides competition for the domestic leased line market—a tiny proportion of all telephone provides competition for pany with sales of about £300m a year by the end of the decade, according to analysts. Two other substantial networks are being built in cellular radio mobile telephones which may have up to 500,000 subscribers by 1990. One is Cellnet, a joint ven-ture between British Telecom

The critical decision for Mercury was last year's inter- Racal, and a new company connection decision made by Prof Bryan Carsberg, director general of Oftel. It means that BT has been very effective in BT and Mercury's networks will holding on to a large share of supplying spares. on the other and that any teleNetworks. One of the most phone subscriber may choose important aspects of the governwhich network will carry their

have entered the UK market. These range from a very few small indigenous start-ups to

Clarification of game plan after EEC entry

Spain is about to bring in a law which will, among other things, define the position of semi-state company Telefonica, David White writes

SUPPLIERS of telephone-linked systems are anxiously awaiting a new law due to come into being in Spain later this year. This law will set out the rules of the game, as far as Spain is concerned, after its entry into the Common Market, and it will make clear where the monopoly enjoyed by the semi-state company Telefonica and its control over the sector begins and ends.

The proposed legislation, redefining the contract between Telefonica and the state, is the offspring of a wider-ranging Communications Bill which was withdrawn after a cabinet reshuffle in the summer of 1985 and replaced with three more concrete projects. A Telecommunications Bill, and other bills arous the introduction munications Bill, and other bills regulating the introduction of private television and the setting up of an autonomous post office, will now all go to Congress separately.

The general idea is that Telefonica should maintain the exclusivity as carrier that it has enjoyed for the past 60 years, but that the modem and equipment side of the business

equipment side of the business hould be liberalised. Telefonica has already begun restructuring its commercial operations in preparation for the change, under which responsibility for approving terminals and other equipment is due to be taken over by the industry ministry. Up to now, everything linked to telephones has been very much under Telefonica's thumb, while Spain has remained a country of captive markets. Companies in which Telefonica has direct interests play a dominant role, especially Standard Electrica—a relic of

telephone exchanges.

The role of Telefonica's Spain still has little technology industrial interests—with sales it can call its own, Telefonica's a Japanese project." he says, 's last year of Pta 125bn (\$780m) strategy is simply to buy in the will go for that, too."

—has been reinforced in the best available, and to learn last three years under the from that. The main plank in Socialist Government, which has this is a \$200m AT & T custom given the company a leading microchip factory, due to be part to play in bringing Spain built near Madrid, with Teleup-to-date in electronics. A four-year investment plan which started this year which started this year support from envisages spending of Pta 925bn and is likely to be overtaken by an even more ambitious five-

an even more ambitious five-year project for 1986-90.

According to initial plans, still to be approved by the board, this would total Pta 1,300bn or more than \$8bn.
Investment projects include
involvement in private TV,
making use of a new cable network. Among the major spending items are the build-ing-up of Spain's data transmission net and the development of telematics and other new

Under the current plan, the proportion of Spanish homes with telephones is due to be increased from just under 50 per cent at the end of 1984 to 59 per cent in 1988.

Financial needs

The extent of Telefonica's financial needs has made it a permanent sponge for Spanish savings. In recent months it has placed shares for the first time on foreign stock exchanges in order to increase its poten-tial for raising equity funds. This has meant a doubling of the foreign holding in its capi-tal to 13.5 per cent (the Spanish state, directly and indirectly, has 47 per cent).

A prime aim if its present

management, in co-ordination with the Government's farreaching electronics plan, has been to speed up the entry of new technology and to boost Spain's export capacity in the sector. Telefonica has signed assistance agreements with several Latin American coun-tries and has successfully exported its Tesys data trans-mission system to Canada and signed a deal to set up a Tesys network in Tunisia, the first of its kind in North Africa and a its long-standing ties with ITT potential foothold for Spain in
—and Intelsa, a joint venture Arab markets which are
with Ericsson, which between them supply the bulk of Spain's manufacturers. potential foothold for Spain in dominated by major European a

fonica as minority shareholder and with substantial financial support from the

In addition a joint VEHF-Japan project is to design and produce computers and office automation systems with Telefonica in Spain. Pacific Telesis of California is to collaborate in setting up a research and in setting up a research and development centre near Madrid; discussions are under way with Philips on development of mobile telephones; and a \$20m fibre optics manufacturing project has been provisionally agreed with Corning Glass, US leader in the field. The first stage of an optical cable link between Madrid and Barcelona is scheduled to be ready in the first half of 1987,

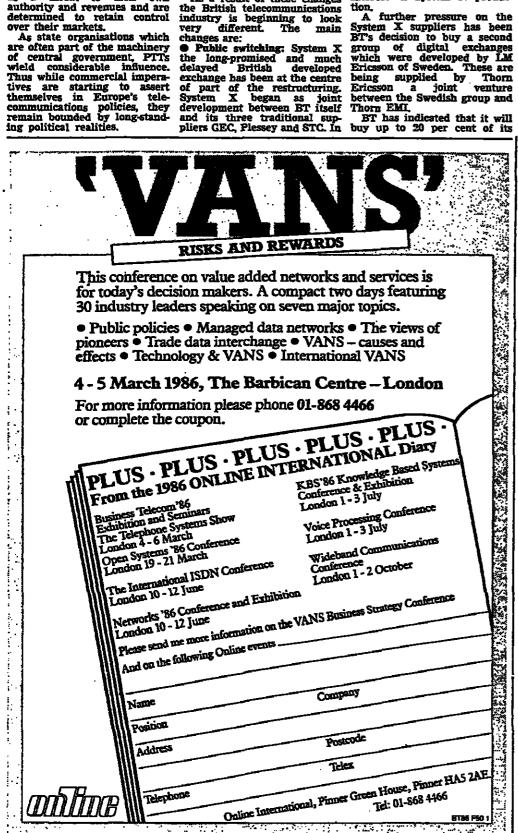
with the two cities connected by the end of the following year, well in time for the Olympic Games which Bar-celona hopes to host in 1992. The replacement of a 30-year old coaxial cable link, which has become saturated, is part of a Pta 50bn plan to update Spain's long-distance network with more than 5,000 kilometres of underground cable and 2,000 kilometres of spanning cable planning for submarine cable planned for

This "digital motorway" will connect with France and Portu-gal—and later (by submarine cable, with Britain and Italy)
join the EEC's trans-national
broadband backbone.

Spain's eagerness to co-opt

US, European and Japanese multinationals is criticised by some in the industry who argue that money would be better spent on developing Spain's own technological capacity. But both Mr Luis Solana, Telefonica's chairman, and Mr Joan Majo, who took over as Minister of Industry this year after being in charge of the electronics plan, are convinced this provides Spain's best opportunity to establish a place in the world telecommunications business.

Mr Solana is one man who is a fervent partisan both of Europe's Eureka Project and of the US "Star Wars" project— horse "on to the French
"and if they tell me there is switching market, a decision



Resistance to change remains strong

comes as a result of the commercial and technological may exploit the Bundespost's changes transforming the in-

very difficult to overcome the conservative and monopolistic views that hold sway among the West German authorities.

The authorities have a "breathing space" at the moment while a commission of inquiry looks into the world-wide revolution in telecom-munications. The 12-member munications. The 12-member commission began its work last April. It is expected to report to the Bonn government in spring, 1987—shortly after the next federal election.

The commission, headed by Professor Eberhard Witte of Munich has members from

Munich, has members from universities, business and politics. The business members include Mr Juergen Terrahe, a member of the managing board tolorest Germany, the

The politicians include Mr Peter Glotz, a leading Social Democrat with a reputation for pragmatism, and Mr Edmund Stolber, a prominent member of Mr Franz Josef Strauss's Christian Social Union (CSU) in Rayaria

Members of the commission have already been sounding out companies, individuals and views on the telecommunications sector. Formal hearings are being planned. The commission will also go to the main countries which have espoused liberalisation, visiting the UK in March, the US in April and Japan in September.

It is widely felt that some It is widely felt that some liberalisation measures will flow from the commission's report, but expectations at this

Much could depend on the outcome of the federal election at the beginning of 1987. In particular, a lot could hinge on the fortunes of the small but influential Free Democratic Party (FDP). As part of its resourceful will to survive, the FDP has embraced the role of ardent champion of liberal sites for communications profree enterprise, and not sur- jects, prisingly, one of its chief and Loud voices were raised post, the mammoth postal and by the Government's Council of telecommunications authority. Economic Advisers—the soMr Martin Bangemann, the called "five wise men." As part

reports here.

oriented company.

sidiaries would be created for postal and telecommunications services, with the former retaining a monopoly and the latter losing its monopoly in advanced

communications.
The long-discussed plan stops short of British Telecom's

privatisation in that the NV PTT shares would remain in the

Government's hands instead of being sold to the public. But the telecommunications sub-

the telecommunications against sidiary would be up against for

fierce competition for peripheral equipment such as PABX's, videotex, message-switching systems and value-

The incorporation plan, which would take effect January 1 1989, seems virtually

certain of going through because of the decade already

spent in carefully honing it, the Dutch PTT's history of open

procurement and general agreement from the PTT

authority, unions and Parlia-

proposals still leave

added networks.

procurement and

itude to is a long-running antagonist of them.
which the Bundespost.

manoeuvring and campaigning This pressure is meeting in the run-up to the next federal election. If the FDP wins more seats and if the inevitable, it is likely to prove calition Government as a coalition Government as a whole is returned, this could add to pressures or more liberalisation in telecommuni-

> The main coalition parties Chancellor Helmut Kohl's Christian Democratic Union (CDU) and its Bavarian (CDU) and its Bavarian
> "sister" party, the Christian
> Social Union—have mixed
> feelings about restructuring
> telecommunications. On the one hand, they are anxious to ensure the right framework for business to thrive, but on the other hand, they see political risks and disadvantages in the US, UK and Japanese models.

telecommunications authorities are dominated by monopolistic views, as John Davies reports here.

They are reluctant to risk the "flak" which might arise if liberalisation favours business while disadvantaging private householders or sensiagainst foreign competitors.

Inevitably, the pressures for change are mounting, however.

Companies are becoming

Bundespost is too slow and two restrictive. Businesses are concerned about the cost of Bundespost services. With liberalisation opening up opportunities (as well as risks) in other countries commenies in other countries, companies in West Germany fear they may become less competitive. Some international companies are

Mr Martin Bangemann, the called type wise men. As part costs.

FDP leader and Economics of wide-ranging recommendations. Minister, has already taken tions, they urged the Governopportunities to attack the ment to split up the Bundespost's tight control over post's activities. In their view, more than 20 countries the marketing of telephone the Bundespost can no longer ing China. But a key elected activities in the communicative strategy is the US.

Giro system are to be hived off into the new Postbank from January 1 1986.

The telecommunications subsidiary would retain a

rine telecommunications sub-sidiary would retain a monopoly on traditional tele-phone and telex equipment and services and be obliged to manage the infrastructure through a sole concession from

sidiary would be free, but not bound, to pursue the new media activities it vigorously has been

developing in recent years. The PTT has accelerated its market-

ing of hardware and software through the domed roadshow. for example, as well as cute telephone boutiques and

fashy newspaper advertise-ments. The authority recently introduced a digital local area network called the V06110 that links telephones.

computer terminals and micro-

efforts in message-switching systems and mobile telephones.

It seems doubtful, however.

the Hague.

WEST GERMANY is coming Ministry, for many years antions innovations but is pre-under increasing pressure to FDP fieldom at Cabinet level, venting others from exploiting show a more liberal attitude to is a long-running autagonist of them.

Pressure has also come from the US, which wants the Bundespost to give foreign equipment suppliers more chance of winning orders. Senior West German officials were at pains to placate US representatives at a recent meeting in Munich.

The Bundespost itself, while defensive of its policies, is only too well aware that it has immense problems. With well over half a million workers, it is the country's biggest employer. Its postal division is struggling to rationalise and update its operations, but must reckon with a strongly unionised workforce (as well as a demanding public). Without telecommunications subsidising it, the postal service would find the going harder.

Overall, the Bundespost is a useful contributor to the Government's finances and this, too, is an element in the con-servative approach to telecommunications restructuring.

munications restructuring.

In 1986, the Bundespost is budgeting for a lower net profit of DM 2.36bn in 1986, compared with a budgeted profit of DM 3.1bn for 1985. Among other things, the Bundespost attributes this to rising costs and restraint in postal and telecommunications charges.

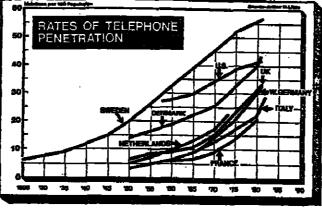
It plans a further 5 per cent

It plans a further 5 per cent increase in investment to a record DM 18.1bn (including DM 13.3bn for telecommunica tions). Its mountain of debt will rise further. Net borrowing for the year is expected to be DM 6.5bn, lifting its total debt burden over the DM 60bn

pressing on with plans to digi-tise its network, to integrate digital voice, data and video services and, among other things to spread cable TV. The digitisation project, however, is not going as fast as some critics would like. Mr Heinz Nixdorf, the head of Nixdorf Computer, has been publicly urging the Bundespost to speed up digi-

Orders for digital public switching systems have gone to both Siemens and Standard Elektrik Lorenz (SEL), which is 86 per cent owned by ITT of the US. Both Siemens and ITT have been making major efforts to find other markets for their switching systems to offset the continuing high development

Bonn has sustained orders for its EWSD switching system in modernise the more than 20 countries, includious network.



While Sweden has the world's highest rate of telephone penetration it also enjoys some of Europe's lowest telephone tariffs. Ericsson, with a turnover of SKr 29bn, is Scandinavia's leading producer of telecommunica-

New system begins to take shape

Ireland's telecommunications network is undergoing a technological transformation, as Hugh Carnegy reports from

IRELAND'S telecom sector is in the middle of a massive restructuring and modernisation programme aimed at establishing one of the most advanced networks in the world. Until quite recently the image pre-vailed of an Irish operator laboriously wielding jackplugs in a small country telephone

That was the case at the end of the 1970s when two five-month long strikes by workers in the postal and telephone services brought the old-fashioned system to a virtual standstill. Not before time, it became clear to the government that the system may have suited the predominantly rural-based economy of the 1940s and 1950s but was hopelessly outdated and incapable of serving an in-creasingly industrial-based

The government of the day set up a review board which recommended in 1979 that the postal and telecommunications services be split with the latter being taken out of the civil service. It also recommanded a modernise the telecommunica-

The review group's report ciated costs falling and a trimwas given effect and an interim ming of the workforce—TE is

telecom board was set up to plan the structuring of what is called a semi-state body: a called a semi-sure pour, a wholly-owned state corporation which operates outside the civil service as a commercial enterprise.

The board meanwhile, set about tackling the creaking network with a programme of heavy evestment. To date about 1£1bn (£835m) has been spent, half of it borrowed overseas. In a bold technological leap, the board decided to install a digi-tal system and the contracts went to LM Ericsson of Sweden and CIT Alcatel of France.

Digital switching has now been installed in 30 per cent of long-distance exchanges, 50 per cent of short distance junctions and 25 per cent of local exchanges. While this technological

transformation was under way, the final legislation for the establishment of a separate telecommunications company was enacted and Telecom Eireann was set up on January 1 1984. Telecom Eireann, although

wholly owned by the state, is run entirely independently and receives no government sub-sidy. It has assets of l£1.3bn. Because of the investment programme, which has left it with interest charges alone of I£130m a year, it showed a "substantial loss" in its first annual report last month covering its first 15 months of life. A five-year corporate plan envisages borrowing and asso-

-by 3,000-4,000 from the pre-With income currently at 1£450m, growth will have to be With income maintained at present rates of more than 5 per cent if the target of breaking even in the 1987-88 April-March financial year is to be met. Mr Fergus McGovern, the TE chief execu-tive, is confident of this, adding that Ireland's penetration of 20 lines per 100 head of popula-

tion is low by western stan-TE has another burden which helped bring about the departure of Mr McGovern's predecessor, Mr Tom Byrnes, who left TE in April this year. He objected to a government levy of I£130m spread over three years.

Mr McGovern says the issue

had now been settled to the satisfaction of both sides. TE would make "certain payments" to the exchequer over the same period, but this would not affect the profit and loss account, he said.

account, he said.

TE's monopoly position is secure as it has exclusive privilege over the internal network and is the only body licensed to operate the international network. Only the supply of modems, teleprinters and office PAXBs have been deregulated. deregulated.

Joint satellite plan by Nordic nations

Sweden, Norway, Finland and Iceland have agreed on the In the Nordic region, final details of an SKr 1.5bn satellite and cable Nordic television and telecommunications satellite, Tele

The four public broadcasting administrations are to jointly administer two television channels editing their individual programming into an all Nordic format. The project initially had industrial development motiva-tions, but is now also seen as

a way to counter the com-mercial and what are seen as cultural threats posed by privately owned cable and satellite stations. In fact, the public sector monopoly over television broadmonopoly over television broad-casting has already been broken throughout the Nordic region with the advent of Sky Channel, Music Box and Screen Sport and a number of new private projects in the pipeline.

"The new satellite and cable technology has available the

technology has undercut the state monopolies," says one analyst. "Everyone recognises it will be impossible to maintain. "What we're now seeing is

trying to cut themselves a piece of the action." has also cut away the tradi-tional boundaries between the public telecommunications agency on the one hand and the broadcasting monopoly on

a mad scramble of companies

the other.
In Sweden, the Televerket (public agency) is moving heavily into ment of new equipment and the broadcasting field, with a services. the broadcasting field, with a major investment in cable major investment in cable agreed the LM Ericsson group was partially installations, concentrating on one of the first to market an to international and long-large cities of Stockholm and system—the AXE—which has service is mainly the province

Moreover, it has booked space

technologies are undercutting state monopolies, reports David Brown in Stockholm.

Socialist Sweden of competing year state-run agencies. A number of private firms in Sweden have come on the market with parabole receiving antennas aimed at customers in outlying regions. With the price of these receivers continually dropping, this is seen as a potentially lucrative field in a sprawling country which sprawling country which stretches nearly 1,000 miles from north to south.
"If the expectations we now

have are realised," says a Tele-verket expert, "there'll be room for most of us in this market." In Sweden, Televerket's monopoly over data and telephone communications still appears virtually impregnable. However, there are potential shifts on the horizon. Comvik Skyport owned jointly by the Kinnevik investment group and Comvik, the mobile telephone service supplier, has announced plans to offer business custo-

highest telephone penetration combined with among Europe's lowest tariffs and has been on the cutting edge in the develop-

been sold to over 60 countries with a total of some 10m sub-

dinavia's leading telecommuni-cations producer, and it holds some 15 per cent of the world telephone exchange market helped by the introduction of

its AXE system.

However, its entry into the information systems market has proved to be costly and troubled. After running up heavy losses in the past two years, the group has been forced to dragging heavy has been forced. to drastically restructure its operations and shake up its top management. Much of Sweden's research

and development of telecom equipment including the AKE has been centred at Ellemtel Ulvecklings AR, jointly owned by Ericsson and Televerket. by Ericsson and Televerket.

Equipment developed at the subsidiary is manufactured by the PTT's industrial services division, Teli, for use at home. Ericsson produces the same equipment for sale abroad. Only a small proportion of Televerkel's needs are met by foreign suppliers.

Meanwhile, the Nordic region has the largest and fastest

has the largest and fastest growing mobile telephone network in the world, topping the 100,000 subscriber mark

largely dominated by foreign owners such as Siemens and mers long-line satellite connections with the US. The plan turn in the traditional home depends on Televerket approval, market, and companies are try-however.

Sweden has the world's Among Norwegian strengths highest telephone penetration are specialised communications combined with among Europe's equipment for the shipping and equipment for the shipping and offshore market, and intercom systems where it holds a major world market share.
In Finland, the state-owned

to international and long-distance service, while regional service is mainly the province of some fifty-eight private telephone companies. on Eutelesat 4 with the intensection of distributing a comporder.

mercial TV service, giving rise With annual sales of electronics group, with annual to the curious situation in SKr 29bn, Ericsson is Scansales of FMk 9.38bn.

Big merger announced

CHANGES ARE now coming at an accelerating pace in Italian Italy is witnessing an telecommunicatoins. The most important recent development accelerating rate of is the announcement of a change in the telecom-gradual merger between the munications sector as country's two indigenous tele- munications sector, as communications manufacturing James Buxton reports companies, Italiel and Telettra. from Rome. Part of the reason for this merger are the growing doubts

pany.
Other important developments include the sale to the private sector of a large slice of SIP, the main telecommunications utility, and final preparations of the long-awaited parliamentary bill that will rationalise the structure of the public telecommunications system. Decisions are also being taken on the development of Italy's data

transmission networks.

Late in November, Stet, the telecommunications holding company of the state-owned IRI group, agreed with Fiat, the country's biggest private sector conners, to set up a joint com-pany. Into this joint company will gradually be transferred shares in Stet's subsidiary. Italtel and in Fiat's subsidiary Telettra, Each parent will own 48 per cent of the new com-pany, with the balance being held by Mediobanca, the Milan

tions industry company. Italtel is Italy's major producer of is public switching equipment, with group sales last year of L1.199bn. It leads the consortium which includes GTE of the US and Telettra, which produces the UT public switching system.

Telettra is a junior of the pean county of the larger version of the pean county of the pean county of the pean county of the larger version of the pean county of the pean county of the larger version of the pean county of the larger version of the pean county of the pean county of the larger version of the larger version of the pean county of the larger version of the larger version

about the future of the consor-tium that produces the Italian national public switching com-of whose sales are in Italy. As a result, Stet is en thirds of its turnover, which in 1984 amounted to L412bn. It may well be that not all the

shares in each manufacturing company—especially those of Italiel—will be conferred on the new company. Much remains to be settled about who will run it and how, But the merger will create a rather stronger Italian base from which to negotiate in the whirlwind that is sweeping the European telecomm tions industry. The European manufacturers

of public switching equipment are finally realising that too many companies are investing too much money in different,

when the current agreement between GTE, Italtel and

Telettra expires, Siemens may have little interest in continuing with what would be a rival switching system to its own, while Italy is unlikely to want to introduce into the country the Siemens switchings system, since this would bring to four the number of systems opera-ting in the country — taking into account the Ericsson and ITT systems which are also

As a result, Stet is extremely interested in the going on between itself, and the French and British switching equipment makers on reaching some kind of agreement to rationalise their next range of products and give them all a chance of surviving. The alternative would be individual agreements between the com-panies (on what Mr Giuliano Graziosi, managing director of Stet, calls "The left bank of the Rhine") with the major European producers—Siemens and Ericsson

If the future of telecommunications manufacturing in Italy is once again uncertain, the future of telecommunications virtually incompatible switching systems, causing serious waste of resources and the possibility of big losses in the future. But for the Italian national consortium the problems are if anything more pressing.

This is because GTE, which the structure of telecommunications services is becoming clearer. For many years it has been recognised by almost everyone was grossly inefficient and impractical. Telephone traffic between cities, as well as calls between Italy and other European countries are handled by pean countries are handled by ASST, an offshoot of the Ministry of Posts. The same ministry also handles telex and

GTE's manufacturing operations in Europe and, in particular, Italy.

It is reckoned that after 1990, while inter-continental telecommunications traffic is handled by Italcable, another offshoot of Stef. The rest of the domestic tele-



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open exactly where the lines that the NV PTT will be willing or able to compete against the appointed panel whose recommendations and services and those completely open to private competence and services and those completely open to private competence and services and those completely open to private competence and services and those completely open to private competence and services and those completely open to private competence and supply the products to the PTT. Philips, which now spend vast that the NV PTT will be willing or able to compete against the appointed panel whose recommendations on the PTT's future generally were accepted by the products to the PTT. Philips, which now spend vast to develop and supply the products to the PTT. Philips, which now spend vast to develop and supply rived to the PTT. Philips, which now spend vast to develop and supply rived to the PTT. Philips, which now spend vast to develop and supply rived to the PTT. 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Philips, which now spend vast to de private automated business exformations systems as a key changes will remain under the niche for the company's future bouring West Germany because of excessively high costs resultchanges will remain under the NV PTT's monopoly while digital PABX's will be free market; and it is far from certain that the NV PTT will want to compete in rapidly developing and costly businesses such as value-added networks (VANs), which and is devoting ample resources ing from only two suppliers, one of which is Philips. Greater competition could be expected to slash the costs to affordable Philips' " Sophomation " local A LARGE, white plastic dome suddenly appeared last autumn along the broad and grassy area network (LAN) was intro-duced in 1983 and already has a good head start on the PTT's V06110. Philips recently re-ceived a FI 10m contract from the Societe Internationals de avenue leading to Amsterdam's stately Rijksmuseum. This futuristic half-bubble is the The Commission released its year-long study last July, recomlink telephones, computers, telex and terminals. mending that the PTT be split into three subsidiaries for Telecommunications Aero-nautiques, a global airline-booking system, for 15 Sophomation Lans and the order Dutch PTT telecommunications What is clear is that Philips, the Dutch electronics giant, will authority's most ambitious effort yet to adapt from a postal services, public tele-phony and advanced comlose its favoured position as the PTT's main supplier for advanced equipment such as PABX's and face heightened , bureaucratic agency a competitive, profitcould escalate to Fl 60m. While the Cabinet accepted most of the Commission's recommendations, it chose in-stead to keep all the telecom-A market that promises to Housing an exhibition called "Telecommunications seen close up," the roving roadshow of Sweden and Siemens of West acquaints visitors with all the latest gadgets the PTT has to offer—from exotic telephones to high-tech interactive video-tex. The subtle message is that the PTT has lots of fancy but perhaps unknown products competition from foreign compenies such as L. M. Ericsson of Sweden and Siemens of West Germany. Because of its small home market, Philips has argued strenuously that European PTT's must look between the PTT has lots of fancy but perhaps unknown products. Housing an exhibition called he a free-for-all no matter who is involved is that for PABX's can be expected to burgeon in in one subsidiary, contending coming years as only nine that the current geographical systems were in place in the diversification programme would neither tasks Corner or Commission's the Commission's recommendations, it chose instances to keep all the telecommunications activities together in one subsidiary, contending that the current geographical systems were in place in the diversification programme would neither that Commission's telegraphical contents of the Commission's recommendations, it chose instances to keep all the telecommunications activities together the commendations, it chose instances to keep all the telecommunications activities together the commendations. competition from foreign com-panies such as L. M. Ericsson of Sweden and Siemens of West ing to the Steenbergen Com- difficult. but perhaps unknown products and services for which the conremained virtually silent on the impending breakup of the Dutch PITs monopoly. sumer may have to pay more one of these days. The impetus behind the PIT's glossy display is the Government's plan to spin off the PTT in three years into a livery, where the PTT already in the PTT already is the PTT already in t Naamloze Vennootschap (NV), a limited liability company, whose shares would be held entirely by the state. Two subcompetes with private couriers, and telegraph services. The banking activities of the postal

A bold policy for reform

exactly where the lines that the NV PTT will be willing mission,

Telecommunication supplier industries are struggling to adapt to radical change. Loss of captive markets due to deregulation, the soaring costs of new product development are forcing manufacturers to seek out new markets worldwide. Europe is more vulnerable to these upheavals in the communications industry than either the US or

Research and development

 Figures for R and D cost of digital switching systems (\$bn)

System 12 (ITT) 1.9
AXE (Ericsson) 9.5
E10 and E12 (CIT-Aicatet) 1.0 DMS (Northern Telecom) 0.7 System X (GEC/ Flessey/BT) 1.4 ESS-5 (Western Electric) 9.75 EWS-D (Siemens) 0.7 Africa Source; Europe and the New

World's top ten telecommunication equipment manufacturers 1 AT & T Technologies III W German L M. Erics Alcatel-The GTE Markets for telecommunications equipment Projections \$bn (1979 prices)

Rising demand for mobile systems

when the two competing mobile telephone networks using cellular radio started service this time last year being reserved for a pan-European cellular system. If they the market which was not shared by everyone. shared by everyone.

Even though cellular radio frequencies, then the two would telephones had done very well have a total of 1,000 channels. in the Nordic countries as well as in some US cities, there were considerable doubts as to whether the two British operators could attract the 25,000 to 20,000 cuber that were considered that were considered that were considered that the user could be underlying to survive considered this beginner and could be underlying to survive considered this beginner and countries as well as to the underlying the under 30,000 subscribers they were confidently predicting by the end of the first year.

As it turns out they were indeed wrong—they were overcautious. By the beginning of December it is estimated there are more than 40,000 mobile telephones in the UK and in spite of some potential prob-lems there is a growing opti-mism that both will continue to grow rapidly next year. Several clear trends have emerged during the first year of operations including:

 Cellnet, the network operator jointly owned by British Tele-com and Securicor, has held a 60 per cent share of the market since the services were started

last January.

By far the largest concentration of sales have been in London and the South-East. While this is partly a result of the service being available in these areas first there is little doubt they will continue to be for the main markets.

The rest of the country is where the salesmen carn their money," says Colin Tipping, head of retail at British Telecom's Mobile Phone Division. Dealers in the North-East, for radio have, to few observers' example, have a tough job, he As a result of the concentra-

As a result of the concentra-tion in London there are already signs of capacity prob-lems. Both Cellnet and Voda-fone, owned by Racal, have had to bring forward the introduc-tion of the US has to bring forward the introduc-tion of the US has to bring forward the introduc-tion of the US has to bring forward the introduc-tion in the UK. Is attracted to the US has to bring forward the introduc-tion in London there are approximately and the use of the US has to bring forward the introduc-tion in London there are are already signs of capacity prob-lems. Both Cellnet and Voda-fone, owned by Racal, have had the use of the US has to bring forward the introduc-tion in London there are are already signs of capacity prob-lems. Both Cellnet and Voda-fone, owned by Racal, have had the introduc-tion in the UK. A small

retailers are trying to survive on precious little business and a shake-out looks inevitable. Subscribers are using their telephones more than expected (adding to capacity poloblems (adding to capacity problems at peak times) although this may drop when they see the bills.

communications is likely to grow rapidly next year, reports Jason Crisp

 Initial customers have tended to be small business, pro-fessionals and individuals and senior management in large the volum companies. The industry is now networks. pushing for large orders from the bigger companies. As expected equipment prices Vodac, BT's Mobile Phone have been falling, particularly Division and the Carphone

for hand-held sets. Some retailers have been suggesting sensitive as first thought.
The 10,000 or more jobs which the government predicted surprise—failed to materialise. Manufacturing of any cellular equipment in the UK is still

Growth rates (pa) North America Europe Asia Latin America Total (\$ billion)

The market for mobile

also made in the UK by Techno-phone but is not being sold in large numbers.
However, there is little doubt that the first year has been unexpectedly good for the net-

work operators and some of the retailers. Heavy promotion, pent-up demand and the natural interest in something new ensured that there was a heavy demand for cellular radio telephones. Institute this reserved. phones. Inevitably, this year will be harder and will require

will be harder and will require a stronger sellin geffort.

This will probably hit the smaller dealers harder. The industry has already become remarkably layered. Cellnet and Vodafone each have a large number of accredited retailers which in the usually have which in turn usually have dealers which may also have sub-dealerships. As a result, the margins have to be sliced up a number of times.

The accredited retailers receive their income from a

proportion of the connection fee, and call traffic of their customers as well as from equipment sales. It means that those which are more successful benefit from the rising revenues at relatively small cost. They also benefit from the volume discounts from the

It means that those which are Company - have an inherent and growing advantage over those which have been slower to establish themselves.

As competition becomes tougher, the competitors are likely to make greater efforts to differentiate themselves from each other, other than through price. Added facilities such as answering and secretarial services and data communica tions (still a difficult area with doubts over its attractiveness to the user) are likely to play a growing part of the marketing effort.

Japan's new NTT sustains momentum

AFTER YEARS of deliberations, Nippon Telephone and capture an annual Y50bn share field established after the April decided that it would not, after Telegraph (NTT) was finally restructured as a private company in April this year, amid a blaze of publicity:

data communications networks, In September this year, how Telegraph (NTT) was finally restructured as a private company in April this year, amid a blaze of publicity; a move which has been of profound interest to players in both the domestic and overseas telecommunications

For domestic firms the question remains as to whether the change in whether the change in NTI's status will lead to real opportunities at a time of rapid expansion and diversification in the telecomms market, or whether domination will continue in the short in the war of words between Japan and the US.

Even before privatisation.

For overseas telecomms suppliers the liberalisation of the telecomms market as a whole, with the NTT privatisation as its lynch-pin has, rightly or which involved the use of wrongly, come to be viewed as a critical indicator of Japan's resolve to do something about trade friction in general, a problem which is currently in an expectation was swamped with enthusiastic applicants for the trials of its "Advanced Information Network System" (INS), which involved the use of leased terminal equipment in a critical indicator of Japan's client and the corporation was swamped with enthusiastic applicants for the trials of its "Advanced Information Network System" (INS), which involved the understance of the critical indicator of Japan's client and the corporation was swamped with enthusiastic applicants for the trials of its "Advanced Information Network System" (INS). em which is currently in an vices. acute stage.

From the domestic standpoint, makers have been somewhat taken aback by the aggressive and businesslike approach adopted by the new NTT, which has moved quickly to secure new links with foreign firms, including IBM and AT&T, in addition to launching bold indicatives for expanded telecomms services in the home market.

In late 1984 NTT applied to the Government for approval of the Government for approv

Overseas industry representatives, notably leaders of the US Electronics Industries Association, initially expressed satisfaction that a freer market is developing, symbolised by progress achieved in the first round of telecomms market-opening talks.

In recent weeks however, Japan has again come under transmissions, telecomferencing and newspaper transmission.

This year the momentum has been sustained by a series of announcements concerning joint business activities. In August NTT said it had agreed on a tie-up with 13 Japanese trading houses and engineering firms to do Y20-30hn worth of business in the first year and Y50hn within three years. The deal brought to eight the number of joint ventures or new subsidiaries in the data comms

domination will continue in effect but under a different name.

Even before privatisation, NTT was busy preparing itself for the challenge of the open market. In 1983 the corpora-

In late 1984 NTT applied to

services as colour facsimile transmissions, tele-conferencing

particularly in developing ever, the biggest developments came with the announcement of

which have included the re-net-working of the government computers in the nation of Brunei and an order from China for the reconstruction of optical fibre transmission lines near

Operating under the name
"NTT International," the new
firm, capitalised at Y3bn, brings
together several of Japan's top
trading houses — including

Privatisation in Japan: the restructured Nippon Telephone and Telegraph company has moved quickly to secure new links with foreign manufacturers, as Roy Garner reports from Tokyo.

Sumitomo and Mitsui, and three engineering firms; JGC, Chiyoda Chemical Engineering and Construction, and Toyo En gineering Corporation. Tele-communications manufacturers were excluded from the partner-

venture with TBM. The AT&T agreement is designed to promote mutual exchanges of senior personnel with a view to the eventual for-mulation of joint telecomms ventures. The deal serves to strengthen already close relations between the two leading telecomms organisations, who have already undertaken exchanges of patented technologies and of research personnel.

AT&T is expected to press for detailed information of the NIT "INS" project, while NTT in turn is interested in AT&T's strategies to cope with its com-petitors in the newly liberalised

US telecomms market. While Japanese telecommuni-While Japanese telecommunication companies and computermakers seemed little concerned
by the AT&T link, they have
reacted with open alarm to
NTT's plans to enter into a
joint venture with IEM Japan,
a deal which calls for wideranging co-operation in fields
which include VANs, international telecomms services,
computer software and sales of

TBM computers. leaders of the Communications Industry Association of Japan (CIAJ), which represents the nation's key electronics business firms, proposed the immediate filing of a petition with the Posts and Telecomms Ministry to prevent the move but, following discussions between NTT's president Hisashi Shinto and Takuma Yamamoto, the head

its decision in the interests of avoiding further aggravation of US-Japan trade tensions. There countries.

NTT was encouraged in the a two-year co-operation agreeventure by recent business deals ment with AT&T and a joint appears to be a wide consensus among Japan's data processing and communications firms that the IBM/NTT deal could have a monopolistic effect upon their markets, but NTT's Shinto has strongly rebutted these complaints, saying it is wrong for other companies to criticise the proposed partnership before the start of any "full-fledged business".

business.' Speaking at a recent Press conference, Shinto shrugged off the protests, saying that "if we could achieve a level of growth that would give the Fair Trade In the NTT annual report, the company's R & D spending was said to have increased by 35 per cent in the 1984 business year over the previous year's level.
Shinto said that the top priority
in future R & D would be software development to facilitate the design of advanced electronic systems.

Concerning recent reports that NTT is planning the large-scale purchase of digital switchational telecomms services, ing systems from firms that omputer software and sales of include AT&T, Shinto said that the technical portion of the plan, some related negotiations have been completed and said an "overall evaluation" is now under way with prices the central issue. NTT's efforts to diversify its activities in the home market show every sign of continuing space. As of November this year a total of 16 new sub-sidiaries and affiliates had been established specifically with the aim of developing fresh fields

More foreign groups enter the arena

Japan's telecommunications market has probably never been more intense than it is at present. Telecom equipment manufacturers, both domestic and foreign, appear to have made a rapid adjustment to the post-NTT privatisation business acene, the framework of which is provided by the revised Telecommunications Business Law.

The new Legislation provides of the communications of the communications

The new legislation provides two categories of carriers: Type 1 carriers which have their own telecomms circuit facilities and provide services to customers

cuit services in the Tokyo-Osaka

early 1987.
The best-known is Daini-Denden Denden (literally "second NTT"), which has the Kyocera group as its major shareholder. The other two companies are Japan Telecom, 36 per cent of which is owned by Japan "General Type 2 and National Railways (JNR), and It is in these fields that the bulk Teleway Japan, whose major shareholder is Toyota Motor ness companies are operating.

Corp (6 per cent). All commanly offering value-added

Daini-Denden is to use micro-

BUSINESS ACTIVITY in will use fibre-optic cables to Japan's telecommunications offer a comparable number of

75 per cent-25 per cent by Mit-subishi and Mitsubishi Electric.

Both satellite companies plan to offer a nationwide leasedcircuit service starting early in and Type 2 carriers which lease
and Type 2 carriers which lease
telecomms circuits from Type 1
carriers to provide services.
Three principal providers of the Type 1 services emerged in April 1985, each planning to offer telephone and leased circuits services in the Tolymo-Center of the providers of the provider The fees which Type

carriers can charge will be subject to the approval of the area beginning in late 1986 or carriers can charge munications (MPT) while Type 2 service providers will face fewer restrictions. Type 2 firms are sub-classified into "Special Type 2" and "General Type 2" carriers, and

panies have a paid-up capital of network (VAN) services.

around YSbn. Special Type 2 carriers are Daini-Denden is to use microthose which provide large-scale field it will offer message
wave radio to provide its 5,760 services through nationwide switching and packet switching
circuits, while the other firms networks to unspecified mass services, while in the "general"

Equipment manufacturers in Japan are adjusting to new legislation. More foreign companies are also

looking for inroads into the Japanese telecom market, as Roy Garner reports here.

customers or provide inter-national telecom services, and these must be registered with the MPT and fees notified. Seven companies, including Intec, Fujitsu, NEC, and Hitachi

have registered as special VAN providers and over 170 com-

panies have registered for, or (computerised switchboard)
plan to offer, general VAN
services. Foreign-owned companies face no restrictions as have included GTE Telenet of Type 2 carriers, but a limit of one third foreign ownership is applied in the Type 1 area. The actual Type 2 services offered to users by new entrants in the market can be exempli-fied by Fujitsu. In the "special"

area it will offer leased line panies is sure to take time how-services for voice, data and ever, aggravated by a lack of video, telephone exchange ser-vices, voicemail, fascimile mail, Even Rolm, after its first two videotext, message / packet years of efforts, only actually switching services and TV soles by the services of PCV soles by

to find success in the Japanese then MPT minister Keiwa telecom market was Rolm of the US (now taken over by IBM Japan) which succeeded in being the first company. either foreign or Japanes win "type approval" for PBX (computerised switchboard)

the US, which has joined up with Intec and Sumitomo to electronic messaging service, and General Electric of the US, which has tied up for inter-national VAN, and other international network-based international network-based businesses with Japan's NEC.

teleconferencing.

Some of these services commenced in October 1985.

Fujitsu estimates that the VAN market is worth around Y300bn, and predicts a value of Y300bn the true potential size of the market is worth around Y300bn, and predicts a value of Y300bn market. As recently as July by 1990, with 30 per cent held by NTT rivals.

In 1984, NTT's revenue from Economic Organisations)

In 1984, NTT's revenue from Economic Organisations) leased line services totalled warned that no more than one US\$466.5m, from data transmission \$1,240.4m while NTT teletensmis R & D expenditures in NTT, and his call for unified the same year were valued at telecomms projects by competing companies, to avoid excess one of the first foreign firms competition, was supported by Okuđa.

There is also uncertainty about user-response. NTT, for example, has faced unexpected problems in the introduction of two of its new phone services in Japan. The conference call facility, which is being tested in eight cities, is being tled up by junior and high school students who are making as many as 3,000 conference calls per day — sometimes skipping school for the purpose — and its mobile phone service is being criticised by business users who complain that it is too easy for outsiders co tap into the calls made from

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BEST !

Era of massive upheavals

CONTINUED FROM PAGE 1 tion scale needed to absorb development costs.
Though Europe has long prided itself on being strong in telecommunications, it is in-

US and Japan is deteriorating begun.

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I am interested in the TN 40 system from Vistet, please contact me.

its investment in telecommuni-cations equipment is barely a With about 10 suppliers in the third of the US level, it lags market, Europe has vastly more the US in advanced services and capacity than it—or the rest of its collective trade balance in the world—needs. A shake-out telecommunications with the is inevitable and has already

rationalisation Defensive The biggest problem area is moves have already taken place

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race is on among European companies to seek strong inter national partners. In the past three years, both Philips of the Netherlands and Italy's Olivetti have linked up with AT&T and France's Cit Alcatel wants to do the same. BT wanted to join forces with IBM but was blocked by the British Govern-

But the removal of excess capacity and the forming of international ties are only partial measures. Europe's industry cannot hope to compete effec-tively while its national mar-kets remain fragmented by discriminatory procurement prac-tices, incompatible technical standards and widely differing —and often opaque—equipment approval procedures.

Dr Henry Ergas, a telecommunications economist with the Organisation for Economic Cooperation and Development, has calculated that this patchwork of national barriers means that the costs of introducing a pro-duct througout Europe can be up to 100 times higher than in the US.

The irony about these impediments is that they are only a mild deterrent to large US companies: ITT has telecommunications operations in more European countries than almost any of its European competitors. But Europe's market barriers are devastating handicaps for its own companies, and particularly for smaller, entrepreneu-

Clearing away these obstacles would give suppliers a chance to breathe. It would also benefit another interest group: the telecommunications industry's customers, who have long lived in the shadow of the monopoly system but are now of choice which increased com-

A major area of growth

services (VANS), is expected from BT and sending messages the whole licensing regime is soon to make up its mind about over it to third parties: BT likely to disappear. For soon itself, however, is also a major after July 1989, the BT/Mercury VANS provider (and one whose duopoly on basic conveyance sent an area where as much argument has been devoted to the industry).

The uk Government merely fuelled an already-heated debate be enhanced by the service, whether it is voice or data, must be enhanced by the service.

Without that anhancement the whole licensing regime is likely to disappear. For soon duopoly on basic conveyance will end.

Despite telecommunications because the whole licensing regime is soon to make up its mind about over it to third parties: BT likely to disappear. For soon duopoly on basic conveyance will end.

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Despite telecommunications the understance of the industry.

the UK Government merely fuelled an already-heated debate when it brought out a discussion document in June, outlining a new licensing regime. Its proposals immediately provoked criticism from every sector of the industry. Now it has abandoned its easily this lain and doned its earlier thinking and s to put forward proposals in a new consultative document that appears to go a long way meeting the earlier

If the comments on the docu ment are not too drastic, the proposals will soon go to the licence drafters.
The new licensing regime will

provide a major boost to the development of VANS, an area that is already growing rapidly.
Since the licensing regime in
the UK started in 1981, the
Department of Trade and Industry has licensed nearly 700 VANS However, the real growth is not too clear. Many of these VANS existed before then: many others do not yet exist, having been merely registered.

None the less, no one doubts that there will be real growth.

A Western Europe annual revenue in 1982 of about \$270m is forecast to increase (by the many VANS providers gear market research firm, Frost and their services to specific appli-Sullivan) to \$5.7bn by 1990. cations and specific industries, More than half of this figure hoping to provide easy-towill go to private companies, the estimate productivity gains to rest to the telecom administratheir customers. There is tions. The major VANS already competition to woo countries will be the UK customers from the motor, (\$1.4bn). West Germany travel and insurance industries, (\$1.4bn). (\$1.1bn) and France (\$1.1bn). as well as from several cate-In the UK, all VANS must gories of retailer. operate across the networks

BRITAIN, which has the largest that belong to British Telecom potential market in Western (or Mercury). Usually they Europe for value-added network involve a company leasing a line services (VANS), is expected from BT and sending messages

be enhanced by the service. Without that enhancement, the message would be a basic con-

preserve of the two network panies were restricted

changing its format, code or content. One of the most popular VANS is electronic mail. The competing services. BT's Telecom Gold, Istel's Comet, Geisco's Quick-Comm or Mercury's Easylink-provide a good example of storage: messages are stored in an elec-tronic "mailbox" until the paying customer calls them up.
Another major VANS, BT's
videotext service Prestel, provides data storage, retrieval and

Many VANS providers gear The new regulations will provide the framework for the developments of VANS until 1990. Then the raison d'etre of the whole licensing regime is

Without that enhancement, the tive world and to allow Mercury message would be a basic contime to develop into a real veyance and, therefore, the alternative to BT. Other con-

Value-added network services are all set to become a major growth area, In Europe, the market could be worth \$5.7bn by 1990, with the main users being Britain, West Germany, and France, as Peter Elman reports

perators providing only services that
The VANS provider must enadded value to basic conveyance. hance the message by storing But when the basic network it in the network, forwarding it area is opened up, there will to two or more third parties, or changing its format, code or license VANS. It would, in fact, be increasingly difficult to police a licensing regime, even if the Department of Trade and Industry (DTI) or Office of Telecommunications interested in doing so. For with digitalisation, it will be impos-sible to tell what is being sent down the line. Digitalisation will also allow the networks themselves to add value as part of their inherent function.

As Sir George Jefferson, the BT chairman, told a Financial Times conference, "an increas-ing range of what are currently regarded as value-added services will prove to be naturally

applications of the processing power and in-built intelligence of modern digital basic net-Even over the last few years,

it has not always been easy to draw a distinction between That distinction has finally been blurred altogether by a new breed of service, called a managed data network service (MDNS). This is, as the name implies, basically a service which manages the data that it sends around the network, pro-viding the basis for more specific value-added services. No one, and certainly not the DTI, had conceptualised the need for MDNS until BT and IBM announced that they would together provide one via a joint venture (codenamed Jove) in the summer of 1984. The UK Government rejected the proposals on the basis that Jove would be too dominant, but said that other companies would be welcome to set up similar services. Several have appeared likely to do so, in-cluding BT and IBM separately, ICL, Istel and Geisco.
But the new service created

laws. Its first attempt came in the June discussion document which aimed to take account of MDNS and at the same time to make it easier for companies to set up VANS. They also said that as MDNS were to be regarded as basic conveyance, albeit of "high quality," BT would have the lunfair advantage of being able

a nightmare for the DTI as it

tried to draw up new licensing

to operate them under its existing general licence and to cross-subsidise them from its public network revenues, The Government is

understood to be proposing that MDNS should be regarded not as basic conveyance, but as VANS. MDNS operators, in-stead of needing a special licence as originally planned (except for BT), will be able to operate under one general MDNS and VANS licence. This will be a "waiver" licence; it does not have to be applied for.



